

# CREDIT WORLD



## IN THIS ISSUE

1942 in Review

Pittsburgh Discusses Small Business Problems

He Swept Himself Into a Credit Loss

Wartime Cooperation Between Credit Executives and Credit Bureaus

Are Slow Accounts Getting Slower?

Garnishment of Salary of Federal Employees

What Is the Most Important Retail Credit Problem for 1943?



Credit Department Letters—Collection Scoreboard—Credit Clinic—Barometer of Retail Business—Current Business Conditions—Recent Elections—News Items—Editorial Comment

*January, 1943*

ONLY PUBLICATION DEVOTED EXCLUSIVELY TO RETAIL CREDIT



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# The CREDIT WORLD

L. S. CROWDER  
EDITOR



ARTHUR H. HERT  
ASSOCIATE EDITOR

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## CONTENTS

Five Feature Articles		PAGE
Pittsburgh Discusses Small Business Problems . . .	<i>Jos. A. White</i>	3
What Is the Most Important Retail Credit Problem for 1943? . . .		6
He Swept Himself Into a Credit Loss . . .	<i>M. N. Bunker</i>	20
Wartime Cooperation Between Credit Executives and Credit Bureaus . . .	<i>W. L. Brian</i>	26
Garnishment of Salary of Federal Employees . . .	<i>H. M. Jonas</i>	29

Six Departments		PAGE
Credit Department Letters . . .	<i>Aline E. Hower</i>	10
The Collection Scoreboard—November, 1942, vs. November, 1941 . . .		16
The Credit Clinic . . .	<i>Arthur H. Hert</i>	22
Barometer of Retail Business . . .	<i>Arthur H. Hert</i>	25
Current Business Conditions . . .		31
Editorial Comment . . .	<i>L. S. Crowder</i>	32

Eleven Other Highlights		PAGE
1942 in Review . . .		1
A Business Forecast for 1943 . . .		5
Nationwide Credit Letter Contest . . .		9
Effects of War and Government Regulations on Installment Business . . .		12
Louis E. Kirstein . . .		13
Importance of Taking Complete Credit Applications . . .		14
Nashville's Christmas Party a Patriotic Affair . . .		14
The Book Shelf . . .		19
News Items . . .		24
Recent Elections . . .		25
Letters . . .		29

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# 1942 IN REVIEW

**JANUARY**—Credit control again the most important credit problem.

**FEBRUARY**—District 12 held annual meeting in Pittsburgh; District 6 in St. Paul; and Districts 5 and 13 in Grand Rapids. J. H. Riggs elected Vice-President, Florida National Bank. Wm. G. Van Schmus died.

**MARCH**—Louis Monk, London, submits article for CREDIT WORLD, "Installment Trading in England Under War Conditions." Creates considerable interest and comment.

**APRIL**—Joint meeting Districts 3 and 4 in Knoxville; District 9 in Colorado Springs; and District 2 in Syracuse. Presented plaque to New York Association at 25th Anniversary dinner. Conference in Washington with R. P. Shealey and Hon. Ronald Ransom.

**MAY**—Another conference with Federal Reserve Board. Charge accounts brought under Regulation W . . . Further restrictions on installment selling. Practically all lines of credit business now under Regulation W. District 1 meeting in Swampscott. Resolution passed recommending default date as 40 days from closing date. Attended Providence and Springfield Association meetings. District 8 meeting in Houston and District 10 in Seattle.

**JUNE**—30th Annual Conference at New Orleans. Attendance satisfactory considering conditions. Highlight was open forum discussion on Regulation W led by Leopold L. Meyer and participated in by Hon. Ronald Ransom, Dr. Carl E. Parry, and Lloyd B. Raisty. H. J. Burris elected President for 1942-1943. Morris G. Riley awarded commission as Captain in Army Air Corps. Stationed at San Antonio.

**JULY**—W. H. Gray celebrates 25th anniversary with Cleveland Association. Fred A. Matatall's excellent address at New Orleans meeting, "The Effects of Credit Control in Canada," published in CREDIT WORLD. W. W. Weir, Los Angeles, retires after 31 years of service.

**AUGUST**—Carl Wollner's excellent talk at New Orleans on "Letters" published in CREDIT WORLD.

**SEPTEMBER**—Waldo J. Marra now a Captain in the Army stationed at San Francisco. E. H. Poindexter died at Nashville.

**OCTOBER**—Soldiers' and Sailors' Civil Relief Act Amendments became effective. D. J. Woodlock, former Manager-Treasurer, died in St. Louis. Met with Convention Committee of Milwaukee Association concerning 1943 convention plans.

**NOVEMBER**—Increases in collections throughout country attributed to the Regulation.

**DECEMBER**—N. R. C. A. survey shows little improvement in payment of slow accounts. Chronic slow payers still a problem.

L. S. Crowder.

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FORM ADOPTED BY AND FOR MEMBERS OF THE  
**NATIONAL RETAIL CREDIT ASSOCIATION**

DATE \_\_\_\_\_

NUMBER \_\_\_\_\_

FULL NAME (SURNAME FIRST) \_\_\_\_\_ FULL GIVEN NAME INITIAL \_\_\_\_\_ AGE \_\_\_\_\_  
 UNDER NAME, HUSBAND—WIFE & MAILED NAME \_\_\_\_\_

RESIDENCE \_\_\_\_\_ DOW LOGS \_\_\_\_\_  
 FURNER ADDRESS \_\_\_\_\_ DOW LOGS \_\_\_\_\_  
 BUSINESS OR OCCUPATION \_\_\_\_\_ BY WHOM EMPLOYED \_\_\_\_\_ DOW LOGS \_\_\_\_\_  
 FORMER BUSINESS OR OCCUPATION \_\_\_\_\_ BY WHOM EMPLOYED \_\_\_\_\_ DOW LOGS \_\_\_\_\_  
 CAPACITY \_\_\_\_\_ BY WHOM \_\_\_\_\_

WIFE OR HUSBAND EMPLOYED? \_\_\_\_\_ MORTGAGED TO \_\_\_\_\_  
 (GIVE LOCATION) \_\_\_\_\_ CHILDREN \_\_\_\_\_  
 OWN REAL ESTATE LOCATED AT \_\_\_\_\_ EMPRES \_\_\_\_\_ AT HOME \_\_\_\_\_ EMPLOYED \_\_\_\_\_

BEST { FURN. APARTMENT? \_\_\_\_\_ ADDRESS \_\_\_\_\_  
 UNFURN. APARTMENT? \_\_\_\_\_  
 RESIDENCE? \_\_\_\_\_  
 NAME OF NEAREST RELATIVE (OTHER THAN HUSBAND OR WIFE) \_\_\_\_\_ (NAME OF BANK) \_\_\_\_\_  
 BANK { (CHECKING) \_\_\_\_\_ ADDRESS \_\_\_\_\_  
 (SAVING) \_\_\_\_\_

LIFE INSURANCE \_\_\_\_\_ NAME OF INSURANCE CO. \_\_\_\_\_ \$ \_\_\_\_\_ YES \_\_\_\_\_  
**TRADE REFERENCES**

FIRM OR STORE	TYPE OF MOVS. ACCOUNT	ACCOUNT IS NOW	
		OPEN	PAID - DATE

LIST ON REVERSE SIDE OF THIS APPLICATION ANY UNPAID BALANCES OR INSTALLMENT ACCOUNTS AND MONTHLY PAYMENTS THEREON.  
 PERSONAL REFERENCE \_\_\_\_\_

THE ABOVE INFORMATION IS FOR THE PURPOSE OF OBTAINING CREDIT, AND IS WARRANTED TO BE TRUE. I AGREE TO PAY ALL BILLS BY THE 10TH OF THE MONTH FOLLOWING PURCHASE OR AS OTHERWISE EXPRESSLY AGREED.

SPECIAL TERMS IF ANY \_\_\_\_\_

SIGNATURE \_\_\_\_\_

AMOUNT CREDIT \_\_\_\_\_ APPROVED \_\_\_\_\_  
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# Pittsburgh Discusses...

## Small Business Problems

*Joseph A. White*

Vice-President, Harris Stores Company  
Pittsburgh, Pa.

First Vice-President, National Retail Credit Association

FOR MANY MONTHS the discussions which occurred during and after the regularly scheduled meetings of the Retail Credit Association of Pittsburgh disclosed the alarming fact that the problems confronting the small retailer of the community were becoming more and more numerous with every new Governmental regulation.

Although some of the problems were peculiar to one individual type of business, the vast majority of the problems were of a general nature, applicable to practically all small store operators. Realizing that, as its civic duty, the Retail Credit Association of Pittsburgh should take some definite action upon this increasingly important matter, Colonel Franklin Blackstone, President of the Association, appointed a Committee of Small Store Businessmen to study specifically the problems of small store businesses; to make recommendations for the protection, needs, and vitally important interests of small store businessmen; and to report to the President of the Retail Credit Association.

This special committee, selected from approximately 800 members engaged in what is designated as small store business, were representative of a widely diversified classification of retailers, including clothing, food, household appliances and essentials, plumbing, heating, floor coverings, etc.

After meeting in session for several days, on Tuesday, October 27, 1942, the following resolution was adopted: **RESOLVED**, That the continuance in business of small stores is absolutely necessary for the maintenance of freedom and liberty in America; and that small store business should have, or be given, without restriction an equal and impartial opportunity to purchase, sell, and distribute essential articles and supplies, such as clothing, wearing apparel, household necessities; articles and supplies required for health, food, sanitation; and other articles and things required to maintain the proper morale of the American civilian population; and it is further **RESOLVED**, That an opportunity to conduct business on an equal and equitable basis is much more desirable than any form of Government subsidy, and be it further



**RESOLVED**, That the Senate Special Committee to Study Problems of Small Business Enterprise, of which Honorable James E. Murray is chairman, be invited to conduct a hearing in Pittsburgh, under the auspices of the Retail Credit Association of Pittsburgh, said hearing to be similar to those that he intends to conduct in the southern states.

In our study of the problems of small store businessmen, we were aided by material sent to us by the United States Department of Commerce, which included "Procedures for

Conducting Local Wartime Business Clinics," "Small Retailers Face the War," and "Record Keeping for Small Stores." In addition, much information was obtained from the pages of *Domestic Commerce*, the weekly bulletin of the Department. We were amazed at the amount of information that they had amassed through many studies on specific phases of business management, designed solely to aid the small businessman.

As a matter of fact, the Department of Commerce has gone on record as "not only favoring but also actively helping small business solve present and future problems." I should also like to quote a statement of policy contained in the enacting clause of the Mead-Lee Bill. . . . "It is hereby declared to be the policy of the United States to maintain small independent businesses of the country, to improve their efficiency through improved management methods, to aid in contributing their utmost to national welfare, to expand the opportunities for such classes of enterprises, and assure the economic stability of the nation. The successful development of small business, and the continued health of these enterprises is not purely a local matter either in war or in peace. Strong independent small business is just as important to our way of life, to our national welfare, as strong healthy agriculture." . . . Therein is the Government's interest defined!

However, I have been unable to find any data that show actual assistance (financial, legislative, or otherwise) given to the small store businessman. The only definite action taken has been the establishment of the Smaller War Plants Corporation, "empowered to make

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**Resolved, that the continuance in business of small stores is absolutely necessary . . . that the opportunity be given to conduct business on an equal and equitable basis.**

loans to smaller manufacturers desirous of engaging in war work." So I wait to see by what means the Government will attempt to help the small store businessman survive under wartime conditions.

Generally, these are some of the problems that would affect small retailers in the Pittsburgh area if impending regulations are put into force:

1. *Inventory control* . . . if on a basis of a percentage for a previous period . . . what period would be equitable, inasmuch as "Big Business" over the past two years has accumulated tremendous inventories in almost all classifications of merchandise due to their availability of capital?
2. *Allocation of merchandise* . . . HOW, since "Big Business" can step into the market (again because of capital and resources) and command much of the manufacturers' civilian productions?
3. *Prohibiting new lines* . . . WHO would brave a "political death" to introduce legislation that would prohibit "chains" and "Big Business" from adding certain lines of merchandise that are now "carrying" many small store businessmen?
4. *Decrease expenses* . . . HOW, since small store business usually has operated without so-called "frills or special services" to consumers, and because of low markup has depended upon sales volume for his business to net even a small profit? Decrease in sales volume necessarily brings an increase in expense ratios.

5. *Rationing* . . . HOW will the small store businessman absorb the cost of operation of collecting, counting and submitting rationing coupons for replacement of merchandise?
6. *Price Ceilings* . . . WHAT relief for small store businessmen who were in the "squeeze" because maximum price ceilings on the manufacturer were not "rolled back" far enough?
7. *Delivery of merchandise* . . . small store businessmen have been dependent on private cooperative delivery systems, which deliveries have been restricted because of transportation regulations . . . again caught in a wedge, since "Big Business" with its private delivery system can still maintain some semblance of orderly deliveries!
8. *Advertising* . . . A reduction in advertising may help decrease the small businessman's costs but not enough to make a difference between profit and loss.
9. *Taxes* . . . The inability to build up suitable surplus for the lean years that might come is a definite hardship to all businesses, but particularly to the smaller businessman.

In conclusion here are a few of my personal viewpoints on these problems. I feel that small business ought to be given an opportunity to secure the necessary materials and merchandise to conduct its business on an equal basis with big business.

Subsidy is not desired and would, in the main, tend to wipe out what has been one of America's most prized heritages—initiative.

Small business, likewise, believes that regulations or laws, if necessary to prosecute the war successfully, should be made so simple that they can be interpreted by even a one-man business without the necessity of having a legal mind decipher their intricacies, thereby adding to the cost of doing business, which already has reached such a high point that many small businesses will be compelled to close their doors because of the impossibility of successfully controlling their expenses to break even.

The continuation of the various bureaucracies, which in the opinion of small business are overlapping each other, must come to an end quickly. Otherwise, regimentation of business by those who have socialistic or communistic tendencies will rapidly destroy the most valuable part of American life—free enterprise.

All signs point to the fact that both houses of Congress are beginning to realize the necessity of keeping small business in business. The conduction of hearings now being held throughout the southern states is certainly a step in the right direction, and I firmly believe much good will come of them.

Man is free just so long as man controls himself. When this control is taken away by legislation or destroyed by bureaucratic set-ups, then all that we cherish, believe in, and are fighting for will automatically be destroyed.

If it is our Government's respected judgment that there are too many small store businesses, please won't they tell us now, and liquidate the ones they feel can best be done without while they still have something left, and not permit a large part of the craft to die a lingering death.

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# A Business Forecast for 1943

THE YOUNGSTOWN RETAIL CREDIT ASSOCIATION recently formed a special committee to study the business picture for 1943. All factors as presented in the following will not be applicable to every business, but the committee has endeavored to draw as broad a picture as possible. We are sure you will agree that they have developed a worth-while guide for everyone's study of what their business must face as 1943 approaches.

## Favorable

1. Total income of some families will be increased due to previous unemployed members now being gainfully employed.
2. Higher unit sales.
3. Cash sales will be greater with a corresponding decrease in credit extensions. Credit losses and costs will be lowered.
4. Prompter payment of accounts on sound extension.
5. Cost of service, per customer, due to reductions of exchange, deliveries, etc., will be less.
6. The possibility that redistribution of merchandise through government inventory control will be favorable to merchants with small stocks.
7. Gas rationing will be an aid to community stores as customers will have to shop in their neighborhoods.
8. The possibility that government may through legislation give consideration to the small store businessman.
9. Increased buying power of the average working girl will to some extent offset loss of buying power of men in service.

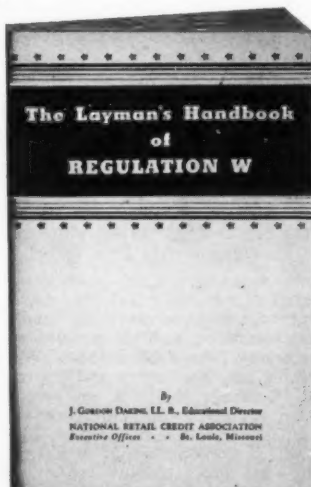
## Unfavorable

1. Difficulty of obtaining saleable merchandise. Only  $\frac{1}{8}$  of 1.0 per cent of critical materials to be devoted to nonessentials.
2. Future freezing orders may tie up merchandise, resulting in losses due to warehouse space required, tied-up working capital, etc.
3. Possibility that additional government freeze orders may strangle merchants dealing in unobtainable merchandise.
4. Overhead cannot be reduced in proportion to decreased sales volume.
5. Possibility of families with men in service claiming benefits of Soldiers' and Sailors' Civil Relief Act on credit accounts.
6. Loss on accounts of enlistees and inductees into armed forces.
7. Many valuable employees to be called into armed forces or war plants.
8. Draining of excess income through largest income tax in history; larger contributions to charity; possibility that ceiling prices will be increased by OPA; victory tax; social security tax; war bonds; and possibly enforced savings.
9. Increased taxes on operation of business itself.
10. Possibility of inventory controls which will be unfavorable to those with large stocks on hand, who may have to sacrifice same at loss.
11. Gas rationing unfavorable to stores where customers cannot make their usual trips to buy.

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# HANDBOOK OF REGULATION W

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A program to enforce the provisions of Regulation W has now been adopted by the Board of Governors of the Federal Reserve System. Their investigators are in the field. They may soon call on you!

Are you ready to receive them? Remember—the Government intends that the Regulation must be observed. One firm has already had this truth brought home in a striking manner. They had to suspend the operations of eight stores for an entire week because they neglected to observe the rules. Yes, it's true. . . . Regulation W has "teeth."

Are you certain that your staff is complying fully with the rules and that the procedure adopted in your credit department meets the requirements?

You can make sure with the LAYMAN'S HANDBOOK OF REGULATION W (including New Supplement). It will bring you up to date on Regulation W and enable you to comply fully with the rules.

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# What -

## Is the Most Important Credit Problem for 1943?

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*Although each credit executive has his own particular credit problem for 1943, it has been our custom for many years to obtain a resume of problems in general that affect the credit structure. These opinions have helped our members shape the retail credit policies of the United States and Canada. You will observe in these replies a change in the credit thought from last year, due, of course, to the unusual conditions facing us in the present emergency period. Additional replies will be published in the February issue.—The Editor.*

★

The most important credit problem confronting the credit granter for 1943, is retaining the good will of charge customers, in view of Federal Regulations governing retail credit. Many credit granters are losing sight of the fact that volume will decline rapidly if they do not continuously contact customers they have on their books and let them know consistently that their patronage is appreciated, even though they might be paying cash at the present time due to the restrictions placed on accounts. A constant good will promotion campaign will create in the minds of charge customers, our desire for continued service, and build tremendously for future business.—Dean Ashby, Credit Manager, M. L. Parker Co., Davenport, Iowa.

★ ★ ★

Credit granters in 1943 should check all new credit risks carefully as well as review all accounts now on their books. Ledgers filled with frozen accounts will cause lots of losses in 1943.—Byron Dunn, Executive Vice-President, National Bank of Commerce, Lincoln, Neb.

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We believe the most important problem is solved by the credit manager being more careful in granting credits; taking no questionable risks. Next would be the handling of credit accounts in defense areas where there has been a great influx of new clients, many of whom have had very good credit ratings from their former locations. We list this as the second most important for the reason that we believe the cessation of the present emergency will mean a great exodus of employees from these areas.—F. J. Bahlinger, Secretary, Kornmeyer's, Baton Rouge, La.

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Government regulations have eased considerably the credit granter's problems. We should all cooperate fully to see that these regulations accomplish further gratifying results during the coming year. With rapidly changing conditions, we should keep informed and alive to our responsibilities as never before. We cannot afford to let down at any time.—R. W. Ensign, Credit Manager, Standard Furniture Co., Great Falls, Mont.

★ ★ ★

We have secured such satisfactory results from the operation of Regulation W that we really are not bothered as much

as in the past in the collection of old accounts. Our greatest difficulty is in the releasing of frozen accounts after they have become cured, as we have not devised a satisfactory plan whereby this can be done. Suppose a customer pays an account at our Cashier's window (which would automatically unfreeze it) and immediately goes to some department and makes a purchase before it is humanly possible to have this information conveyed to the authorizers. This, of course, necessitates sending for the customer to come to the office only to find that the account has been paid five minutes or an hour ago, which they do not seem to understand.—Charles E. Evans, Assistant Secretary, The Aug. W. Smith Co., Spartanburg, S. C.

★ ★ ★

The most important credit problem for 1943 is that of maintaining an efficient organization in the face of declining charge volume, Government regulations, increased personnel turnover, and lack of new equipment. Any drastic change in the number of charge transactions handled, or a change in the method of handling any one function, calls for a complete review of our entire operation and is particularly important at this time to conserve machinery and eliminate lost motion.—B. C. Gilbert, Credit Manager, L. S. Good & Co., Wheeling, W. Va.

★ ★ ★

Tax payments during 1943 will bring problems we have not had heretofore in handling credits. The uncertainty of whether the customer will eventually enter military service is a credit problem. The extension of credit on the basis of large incomes now is easy, but the uncertainty of what will happen after the war is something to think about when credit is extended over a period of twelve months. This uncertainty prompts us to give our best and keep our house in order. In times like these, it is easy to lose sight of some of the fundamental credit principles. Credit regulations have prevented some folks from overbuying. The war will be over some day and the credit bureaus should be in such shape that they can step in and take a vital part in coping with credit problems that will come with a change from war to peace conditions.—W. E. Haase, Office Manager, Sterchi Bros. Stores, Inc., Chattanooga, Tenn.

★ ★ ★

The most important thing to do in our credit work is to apply 1943 reasoning to 1943 problems. Past experience means less than ever before. We must project our thinking into the future and try to determine the effect of things to come on our present accounts. Present problems will appear simple compared with the problems which lie ahead. The most important problem is the one which is always with us; namely, on what basis shall we grant credit? The old yardsticks are no longer adequate to measure with.—C. F. Hamilton, Credit Manager, A. H. Benoit and Co., Portland, Me.

★ ★ ★

The most important credit problem for 1943 is to keep the good will of customers in our armed forces and to keep their accounts in a live condition. Our plan is one of complete cooperation with the individuals concerned. We maintain contact wherever it is possible. When it is necessary we reduce the payments to sometimes as low as \$1.00 a month, and often payments are suspended altogether. I write or call the wife or some other member of the family once a month to ask about the soldier or sailor. I offer our services for the family's comfort. The idea is to keep our name in the minds of our patrons, and

we want them to look on our firm as a friend and someone on whom they can call, should it ever be necessary. If we are able to keep the good will of our customers, they will pay their accounts and give us their business when the war is over.—P. A. Howell, Credit Manager, Hemenway-Johnson Furniture Co., Shreveport, La.

The most important credit problem for 1943 is that of maintaining satisfactory collection percentages on installment accounts. The deferring of Army accounts until after victory is assured has already become a problem with us and we expect it to continue during next year. We expect customers will try to cut down on established monthly payments in order to meet income taxes, bond buying and mandatory savings plan, if any goes into effect.—A. B. Hunter, Credit and Collection Manager, The Rudolph Wurlitzer Co., Chicago, Ill.

The credit problem for 1943 will be closer scrutiny of new applications. The influx of workers to our war production centers has created an unusual volume of outstandings against risks that might normally be considered unsound. Collections of credit in 1943 will be influenced by the new method of Federal tax collections and also by the possibility of a shift in labor distributions. The wise merchant will establish his own Regulation "X" representing the unknown factor of future developments, and restrict credit accordingly.—W. S. Hull, Collection Manager, Hecht Bros., Baltimore, Md.

The most important credit problems for 1943 are: 1—personnel; 2—physical handling of the details necessary in connection with the requirements of Regulation W; and 3—good charge customer service.—Clyde C. Kortz, Credit Manager, The Higbee Co., Cleveland, Ohio.

While the decrease in credit volume should be a matter of concern, the fact that people are spending cash and, in addition, that the government is definitely discouraging personal debt, probably obviates most of the efforts that credit executives could devote to the promotion of credit sales. Therefore, most consideration should be given to the length of the duration; what conditions will be after the war is over; the shifting of civilian population; unemployment of war-workers; and the return of the armed forces. We can probably do nothing about these things but any definite plans should be laid predicated on rapidly changing conditions. The credit executive who is far-seeing enough to gauge an approximate time and condition in the future, will be the one who is able to plan his credits accordingly, collect when necessary and extend credit when necessary.—Leo M. Karpeles, Secretary-Treasurer, Burger Phillips, Birmingham, Ala.

During wartime is no time to sell terms. Sell merchandise instead. Arrange terms to get the money as soon as possible, not less than one-third down and not over six months to pay. The store that does this will not only survive this critical period but have its capital intact to do business when the war is over. Our employees who have entered the armed services have the confidence that they will have a job when they are finished. Let's keep that confidence.—Luther J. Mitchell, Capital Furniture Co., Boise, Idaho.

The biggest problem facing the credit fraternity now is whether or not credit reporting facilities on a local and national scale will function properly during 1943 and for the duration. At no time in the history of the National Retail Credit Association could we do more for our members than right now, when indications seem to point to a serious breakdown in credit bureau services. It's a big job; however, I am confident it will receive the support of all credit executives, because, when this emergency is over, credit will be expanded to such an extent that without the bureaus and their valuable records it will be impossible to extend credit intelligently.—James M. Malloy, Credit Manager, Abraham & Straus, Inc., Brooklyn, N. Y.

The most important problem confronting the credit granter for 1943 is that of adequate trained personnel. Granted that credit business will continue to

(Continued on next page.)

*Announcing!*

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PREPARED IN RESPONSE to the requests of financial institutions for a separate waiver form—a companion form to our GUARANTEE and WAIVER which has enjoyed such widespread distribution.

THIS NEW FORM is a separate waiver and designed for use in connection with guarantees, notes and comaker contracts.

MOST RETAILERS have found that our GUARANTEE and WAIVER form fully meets their needs. Why? Because it is valid under the provisions of the Relief Act; it is a waiver and guarantee combined; and the guarantor has only one document to sign.

FINANCIAL INSTITUTIONS, however, have not been able to use the GUARANTEE and WAIVER form in connection with comaker paper. What they require is a separate waiver form. Then there are some retailers who have their own guarantee forms which they wish to use along with a separate waiver.

IT IS TO MEET the needs of these credit granters that this new SOLDIERS' and SAILORS' CIVIL RELIEF ACT WAIVER FORM has been prepared. It complies with all the requirements of the Relief Act, and the actual text of the applicable provisions of the Act is also printed on the reverse side.

FOR BEST RESULTS, should be used in duplicate and copy handed to guarantor, endorser, surety or comaker. Blocked in pads of 100. Actual size 4" x 6". Printed in black ink on goldenrod paper.

**1,000 for \$2.00**

**NATIONAL RETAIL  
CREDIT ASSOCIATION**  
Shell Building St. Louis, Mo.

exist during 1943, although restricted by government regulations and wartime taxation, the credit department must, more than ever before, be able to meet the changing conditions imposed by restrictions, taxation, shrinking inventories, and lack of adequate personnel.—E. C. Paxton, Credit Manager, Dallas Power & Light Co., Dallas, Texas.

The problems of credit men in general seem pretty well solved by Regulation W. If there were some way that this credit regulation could be perpetuated after the war, it would be the best thing in the world for business and the public in general, but I presume that is too much to hope for. My suggestion is as follows: As time goes on the most serious problem we have is getting reliable credit information in a reasonable time. At present the time required to get reports is impossible to predict and is becoming worse each month. Credit departments must pass charges on very limited information, very slow information or no information. This is not only the credit man's problem but it is a very vital problem to the Credit Bureaus and the National Association.—A. R. Macoon, Secretary, J. F. Hink & Son, Berkeley, Calif.

Barring the unexpected possibility of the culmination of the war which would upset things tremendously, the most important problem for installment business is Soldiers' and Sailors' accounts and the taking of new accounts before they enter the service. What is to be done about 3A and 3B accounts as service demands tighten—should they be taken? How are we to keep track of outstanding merchandise while they are in service? Goods are sometimes stored without permission, and we are not advised where they are stored.—G. A. Sandberg, Credit Manager, Boutells, Minneapolis, Minn.

The coming year will be a period in our experiences which calls for the keenest and clearest thinking, and for a most complete analysis of the experiences through which we have passed. We should delve deeply into these experiences and endeavor to translate them into a solution of the problems which we are now confronted. The credit structure with which we have been familiar is almost a thing of the past. Regulation W has brought us many enlightening facts. It has taught us much concerning the psychology of consumer credit; the reaction of the purchaser to restraints which, under present-day conditions, we have been compelled to place on terms. The reaction of the public seems to have been favorable so far. We should resolve not to weaken our new credit structure during 1943. After the war, let us continue to carry on in accordance with the new terms which we are now familiar. It behooves us not to permit ourselves to become careless in the matter of breaking down the credit structure which, through compulsion, we have built so firmly.—C. M. Reed, General Manager, Retail Credit Men's Association, Denver, Colo.

The most important credit problem confronting the credit granter for 1943 is again, after several years' lapse, the proper evaluation of risks in terms of the individual as he is affected by economic conditions of the day.—W. E. Saufley, Goldwater's, Phoenix, Ariz.

Patriotism is the essential need for 1943. It is just as disloyal to evade governmental restrictions and regulations concerning credit as it would be to hinder the functions of our armed forces. It is the duty of each and every credit granter to abide by the intent and spirit of Regulation W, the Soldiers' and Sailors' Civil Relief Act and whatever other wartime measures are inaugurated. This should be done in such a manner as to merit the approval and respect of the administrative agencies, fellow credit granters, and, last but not least, the customers, whose dollars will keep us in business after victory is achieved.—J. Gordon Ross, Superintendent, Customer's Service and Credit, Rochester Gas and Electric Corporation, Rochester, N. Y.

A shortage of merchandise will necessitate the credit granter being even more discriminate in granting credit during 1943 than in any other period in the past. He must sell merchandise on credit only to those people whose past records are beyond reproach. The shortage of merchandise coupled with the fact that America has money in its pocket precludes the necessity of taking a chance as has been

done in the past.—Lewis B. Skinner, Manager of Credits, Wm. H. Roberts & Sons, Inc., Indianapolis, Ind.

Our firm is an installment institution that has been in business continuously for the past forty-nine years and has, therefore, survived several trying periods. Never before have we been faced with conditions that will probably exist in 1943. Regulation W will be most helpful from a credit and collection standpoint. Employment and high salaries will reduce credit business and increase cash sales, and shortage of merchandise will reduce volume. The most important problem for the credit granter in 1943 will be to nurse, coax and be patient with those outstanding accounts on our books where the head of the family has gone into service. There is practically nothing that can be done, safely, to speed up payments on such accounts, so why not smile and keep in touch with the dependents of these men? They will appreciate such treatment and your store will be highly rewarded by the good will thus created when the emergency is over.—A. J. Schuhlser, Credit Manager, E. A. Hudson Furniture Co., Houston, Texas.

Credit granters in 1943 will be faced with the problem of granting credit to individuals up to forty-five years of age, due to the Soldiers' and Sailors' Civil Relief Act. In our community, the draft board state that if their quotas continue to be large, it will be necessary to draft married men with children, by next June. The only solution would be the use of the waiver forms.—Joe G. Sullivan, Vice-President, Morris Plan Bank, Knoxville, Tenn.

The most important credit problem for 1943 will be that of accurately anticipating post-war conditions and laying plans as to how best to meet them. Most credit granting agencies have shaped their policies and procedures as to the war economy. In the vast readjustments necessary to a return to post-war production, distribution and employment, financing agencies must play a vital and responsible part. This they cannot do with maximum effectiveness without careful planning based on a responsibility they must assume in a post-war economy.—R. S. Smith, Assistant Treasurer, Montgomery Ward, Chicago, Ill.

The effects of Regulation W, increased employment, and higher payroll would seem to offset all other influences with respect to credit and collection, and leave us without a credit problem of any consequence for 1943. On the other hand, shortages, restricted services, and personnel troubles are creating a very real problem in customer relations. Maintaining customer good will is, therefore, in my opinion, our most important problem for the coming year.—R. B. Stokes, Credit Department, Banner-Whitehill, Inc., Indianapolis, Ind.

I still don't know what we are going to use for money after the war is over to buy all the things that have been pointed out to us as necessities. The government wants taxes to pay for bonds, which can only come from merchandise manufactured and sold to consumers who use it directly like a piece of furniture or indirectly like a ride in a pullman or airplane. If we are to step up these sales, then you will find the government going haywire on credit or else beginning a charging off process of government debts and securities. We do not want this to happen but it is something to think about.—F. W. Walter, Manager, Credit Sales Department, The Bailey Co., Cleveland, Ohio.

There are four most important credit problems for 1943: 1—Through the regular use of credit bureau service, grant credit only to those worthy of it; 2—watch accounts on ledgers and keep them paid up at all times; 3—educate customers as to terms, and demand that they live up to them; and 4—constant attention, with courteous treatment to all customers.—C. P. Younts, Frank T. Budge Co., Miami, Fla.

The most difficult situation credit executives have to face during 1943 is the proper and prompt blocking and unblocking of accounts according to Regulation W. Some effort should be made to educate the public that the payment of an account at the cashier's window does not automatically and immediately unblock an account; that in the ordinary course of events it takes twenty-four hours and sometimes longer to perform this operation.—J. Hardin Ward, Credit Manager, The Stewart Dry Goods Co., Louisville, Ky.

# Nationwide Credit Letter Contest

**M**EMBERS OF THE National Retail Credit Association are invited to participate in a nationwide credit letter contest beginning January 1, 1943, and continuing until February 15, 1943. Prizes will be awarded (see below) to the contestants sending in the best composed letters on the subject of charge and installment credit; such as letters of good will, credit sales promotion, collection, "thank you," inactive account, "In Default" (or anything pertaining to Regulation W), declined accounts, etc.

The judges will be Aline E. Hower, Letter Counselor, J. Gordon Dakins of the National Office staff, a letter expert, and E. F. Horner, Credit Manager, Kline's, St. Louis. Their decisions will be final.

Rules of the contest: Send as many examples of different letters as you wish—but send three original copies of each on your firm's letterhead; typewritten or form letters only will be accepted; awards will be based on attractive setup, timely

illustrations, attention-getting openings, and action-impelling closings. No entries will be accepted after February 15, 1943. The winning letters and those receiving honorable mention will be published in *The CREDIT WORLD*.

## Awards

First prize.....\$5.00 in war stamps  
Second prize..... 4.00 in war stamps  
Third to tenth.....book, "Streamlined Letters" by Waldo J. Marra  
Tenth to fifteenth....booklet, "Successful Credit Department Letters" (Volume II)

Originality will be a major consideration, so "put on your thinking cap." Any member may take part in the contest. *Don't hesitate if you are a member of the credit department staff or credit sales manager; all are invited and no distinction as to position will affect the judges in their final decision.*

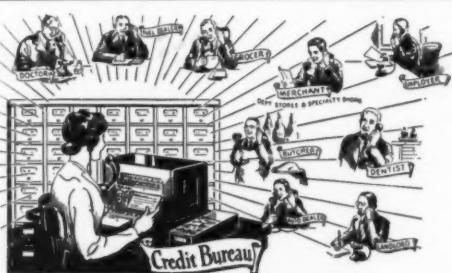
## Reluctant Dollars

You can bring them into your store by using the tested Collection Insert shown here. Prepared at the urgent request of our members, it has a definite tie-in with the credit bureau. Not only does it turn past due receivables into cash, but it is an effective means of educating customers to pay bills promptly.

This is another success number in our series of Collection Helps. The size is 3 inches by 5½ inches and it is printed in bronze blue ink on ivory enameled stock. Only \$2.00 per thousand.

Order from

**NATIONAL RETAIL CREDIT ASSOCIATION**  
Shell Building St. Louis, Mo.



### We have YOUR NAME in this "Who's Who"

As a member of the Credit Bureau we are called upon to report, at frequent intervals, the credit standing of our customers. This report is available to every merchant or professional man who is a member of the Credit Bureau.

Your account with us at the present time is PAST DUE. To maintain a good credit record, you should make a payment NOW or arrange for an early settlement.

Customer's Name .....

Firm Owed .....

Balance \$..... Past Due \$.....

Date .....

*Guard Your Credit as a Sacred Trust*

# CREDIT DEPARTMENT LETTERS

• Aline E. Hower

**W**ILLIAM ERNEST HOCKING, professor of philosophy at Harvard, points out in a *Fortune* editorial that man is fashioned by a million mallet blows from the outside. Today those blows are pounding us hard and fast! Doubts, fears, worries, uncertainties, problems, smash at our minds and spirits, like bombs from a dive bomber.

"And yet, here is the great truth that Hocking points out: You and I have the last word about how those blows shall modify us. Even amidst wars we are still rulers of our mental kingdoms. Life is ten per cent what we make it and ninety per cent how we take it.

"Often we see one man who is crushed by the blows of life. And we see another who has received far greater pounding, yet keeps the flag of his spirit flying gallantly at the top of the mast. The difference is not in the blows, but in the way the blows are taken.

"The art of successful living is learning how to mentally ride the punches that life hands out."

As this is the first issue of a brand new year, one filled with millions of wonderful opportunities for all of us, I was saying a prayer for the ability to write something very much to the point, when, lo, the paragraphs above looked out at me from a little magazine that comes each month, entitled *The Silver Lining*. I thought the author, whoever he or she may be, had done a job so much better than I felt able to do, that here you have the message I should like so much to have been able to give myself. I can think of no happier, better wish for you during 1943 than the quick ability "to mentally ride the punches"!

## Drop Out of the Sentence Derby!

"I am amazed," writes an executive who is a splendid letter writer, "at the length to which I frequently go in some of my nonstop sentence derbies. Thanks for pulling me over to the curb."

He is not alone. The person who has a fine background in his work finds that his ideas flow quickly and easily. Before he knows it, he has dictated a sentence of unwieldy length—nothing quite so unusual as the following—but more than an eye-ful for the unsuspecting reader:

I regret to learn by your postal just at hand of the reported shortage in my shipment to you of Oct. 21st of 2 DZ of the

Small Lotion sending you but 10 DZ in place of 12 DZ charged and billed you which I find on looking up your order to be correct and in order to correct the matter with you, I am enclosing you a credit memorandum for this shortage amounting to \$6.00 and for which I have given your account credit and will be pleased to send you my check if you so request it unless you are purchasing some goods in New York City in which I can send this 2 DZ for shipment with your next order and on receipt of your further advice, will arrange the matter to your satisfaction.

Attractive sentence length offers a fine opportunity to the alert secretary. If the correspondent is so enrapt by the subject as to dictate a marathon sentence, let the secretary go to work with some extra periods. Let her change "which" to "this" so she can start anew. Or even let her start sentences with conjunctions like "and," "but," "for," etc. Because of its frequency in letters of men and women of broad experience, the long sentence is a fault that nearly all should watch to overcome!

## This Month's Illustrations

*Illustration No. 1* is an interesting letter from the St. Paul House Furnishing Co. Its beauty lies not only in its courtesy, but also in its absolute directness. There is no mincing of words, and the heart of the message comes very early in the letter. The whole letterhead and its arrangement are unusual, present helpful ideas, and the letter should prove very effective.

*Illustration No. 2*, by Mr. H. O. Wrenn, Credit Manager, Nebraska Clothing Co., Omaha, uses one of the most powerful ideas it could in the very opening. As you know, the opening of a letter occupies the most emphatic position. Any idea that you wish to be sure to put across, consider as an opening for your letter. Here the author uses a splendid form of the powerful approval appeal. The whole letter is persuasive and gracious, well set up, and attractive.

*Illustration No. 3* from The Boston Store, Joliet, Illinois, is a letter that handles an extremely sensitive situation. The opening of the letter should have quite a tendency to be reassuring, and the remainder is obviously as face-saving as possible. The letter is neat and shows extremely careful thought.

*Illustration No. 4*, by Mr. J. D. Blackwell, Assistant Credit Manager, Panther Oil & Grease Mfg. Co., Fort Worth, Texas, holds the same friendly handclasp and smile that you would receive if you walked into Panther's office this minute. What a reasonable, persuasive opening! Mr. Wollner's entire organization reflects his intense interest in vital, productive letters.

*Illustration No. 5*, a printed notice from Schuster's, Milwaukee, touches on another sensitive situation very effectively. Phraseology like "good will of all our friends," "sincere regard for you," and "resume the use of your account at once" carries magic. The notice is attractive, well worded, and well constructed in every way.

## Congratulations

TOTAL SALES of war bonds and stamps for the week of November 22 to 28, by the members of the Credit Women's Breakfast Clubs throughout the United States, amounted to \$458,135.05. The Credit Women's Breakfast Club of Charlotte, North Carolina, carried off top honors according to Eulalia Thatcher, Chairman.

"WIDOWS and ORPHANS PROTECTED"  
Mothers—should husband pass away  
the widow receives receipt in full.

Telephone  
Cedar 2921

## ST. PAUL HOUSE FURNISHING CO.

Complete Home Furnishers

Sixth Street at Minnesota Street  
SAINT PAUL, MINNESOTA

①

December 9, 1942

Mr. Robert K. Black  
1502 Southern  
St. Paul, Minnesota

Dear Mr. Black:

We thank you for your recent payment. However, we noticed that it was less than the amount agreed in your regular terms. We would greatly appreciate your informing us when you wish to arrange for short payments, or when the extension of time is necessary.

This will help us to accommodate you and to assist you in maintaining a good credit rating. It will also avoid the annoyance of further reminders.

We will appreciate your making up the recent shortage with your next payment. We thank you for your cooperation.

Very truly yours,

ST. PAUL HOUSE FURNISHING CO.

*B. A. Mulligan*  
Credit Department

BAM/U

## Nebraska Clothing Co.

CORRECT APPAREL FOR  
MEN - WOMEN - CHILDREN  
RETAIL PRICES 25%  
OMAHA

②

December 2, 1942

Mr. George L. Newton  
64832 Pacific  
Omaha, Nebraska

Dear Mr. Newton:

As a highly-esteemed patron of this store and one whose good will and support we very much desire to continue, will you not, as a straightforward business matter in which you have a high personal interest arrange for the settlement of your past-due account this week?

If for any reason you are unable to meet this account in full, will you please call and let us cooperate with you on some plan for a settlement or extension that will meet with mutual approval.

Thanking you in advance for your consideration and hoping for a continuance of your support and patronage, we are

Yours very truly,

NEBRASKA CLOTHING COMPANY

*H. W. Henn*  
Credit Manager

Because the patronage and good will of all our friends is sincerely appreciated, we have always tried to maintain a close friendly relationship with our customers. A charge account has been one of the ways of maintaining such a relationship. The new government credit regulations, however, have placed a number of new duties upon us. One of these requires us to ask for immediate payment for, or return of, any merchandise purchased while the account is in default according to government regulations. It is, therefore, with sincere regard for you, as a valued patron that we ask you to pay for the items checked on this statement, which were purchased after your account was in default. If you can also include in your payment the amount that is in default, we shall be very grateful. Naturally, your payment of the full amount of this statement will remove the government restriction and will permit you to resume the use of your account at once. Sincerely yours,  
SCHUSTER'S.

③

## THE BOSTON

JOLIET'S GREATEST STORE  
JOLIET, ILLINOIS

⑤

December 12, 1942

Mrs. Peter Allen  
16524 Warrington Drive  
Joliet, Illinois

Dear Mrs. Allen:

Your application for a charge account with our store is a compliment to our efforts to give good value and good service, and we sincerely thank you for the preference shown.

As is the usual custom before a new account is opened, we have striven to acquire information that would serve as a basis for credit. Such information as we have thus far obtained does not permit us to form a definite conclusion, and for the present, therefore, we are not warranted in opening the account.

We realize that misunderstandings sometimes occur through trifling matters, which, if particulars were known, would have little or no bearing in the consideration of one's credit standing, and if you feel that our action is not warranted, we shall be glad to have you call so that a better understanding can be arrived at.

Please feel and appreciate that we are anxious to serve you, and since credit is a convenience and not a necessity your enjoyment of our merchandise and service need not be discontinued.

Yours very truly,

*Harold Liederthal*  
THE BOSTON STORE

KL AC



④

December 18, 1942

Mr. Alex. Worth  
Fifth and "E" St.  
Fort Worth, Texas

Dear Mr. Worth:

Re: Your account \$100.00

When you and I were youngsters we were taught that if we wanted anything within reason, and asked for it in a nice way -- we had a good chance of getting it.

The same principle holds true in the business world today.

You have received the friendly letters sent you about your account. No doubt you meant to mail us a check and just overlooked it.

So we're asking you again for your check. We must have it at once.

Sincerely yours,

*J. B. Shandley*  
Asst. Credit Manager

JBS:MP

# Read This Letter



**SPRING'S**  
SAN JOSE CALIFORNIA

December 12, 1942

National Retail Credit Association  
218 Shell Building  
Saint Louis, Missouri

Gentlemen:

I wish to report to you the very gratifying results we have had from the Sticker recently ordered from you.

Statements, balanced, have been mailed to all of our good inactive accounts, and the mailing was timed right. The latter part of November and the early part of December has brought many holiday shoppers in and our invitation to use their charge accounts was a good reminder and greatly appreciated.

We find that the statement with a sticker will always do the work, a letter is wasted money, time and energy.

Yours very truly,

SPRING'S

*L. S. Knoepfel*  
L. S. Knoepfel  
Secretary

## —And Here is the Sticker— That Did It

**Certainly!!**

**YOU CAN STILL USE  
YOUR CHARGE ACCOUNT**

Government regulations have not cancelled your charge privilege. As in the past, your charge account here is waiting for you to say "Charge it."

**USE IT TODAY**



The "Certainly" sticker, shown above, is the one mentioned in Mr. Knoepfel's letter. It is the new National Approved INACTIVE STICKER which is producing good results for so many of our members. You too, can use it to bring back many valuable customers.

Printed in reverse, in blue ink, on goldenrod paper. Price, \$2.00 a thousand.

**NATIONAL RETAIL CREDIT  
ASSOCIATION**

Shell Building • • • • • St. Louis, Mo.

CREDIT WORLD 12 JANUARY

# Effects of War and Government Regulations on Installment Sales

*George D. Brooks*

District Auditor, Alabama Power Co.  
Birmingham, Ala.

**N**O DOUBT, all Credit Managers have, at one time or another, been asked what is the advisability or necessity of securing credit reports on time payment contracts since the advent of larger down payment requirements.

Frankly, I cannot see that this makes much difference. If a customer has had a bad credit record, I can see no reason for extending him credit now just because his down payment is a little more, and the only way you can know his record is to get a credit report. You hear the argument that practically everybody, who is working at all, is making high wages and that they will now pay. But most people whose paying habits have been bad in the past, are likely to continue so, even though they are making more money.

I have seen some reports recently where an individual is earning good wages, yet has a number of old outstanding obligations. It occurs to me that this type of person should pay these obligations before asking for further credit. If credit is refused, and in cases like this it should be, and the reason given to the customer, it may make him realize the importance of paying his accounts up to date and keeping them that way. Certainly, no improvement can be expected in his paying habits by extending further credit while his record is bad.

Also, the scarcity of merchandise should be considered. A good portion of the merchandise sold on the time payment plan has either been discontinued or sharply curtailed. In view of this situation the customer whose credit record is good, should have priority over a customer whose paying habits have been habitually bad or slow. By selling to prompt pay customers now we will be laying the groundwork for good business after the war. No doubt, we will experience a depression of some sort, and if we do not have many delinquent accounts, our receivables will be in a healthy state and can weather the readjustment. If we are inclined to sell to the poor paying customer, just because the down payment is rather large, then when the afterwar readjustment period comes, our receivables will be loaded down with slow-paying accounts and our firms will suffer.

My honest opinion is that these government regulations covering the extension of credit were designed to restrict credit to those who can and will pay their obligations as they become due. I think this policy was inaugurated also to prevent our overanxious salesmen, and credit managers, too, from permitting the customer to become overloaded, or buying beyond his means. This would result in the freezing of his account and might cause him to become a slow-paying customer.

By obtaining credit reports on each case and adhering to a good credit extension policy, we can save our firms lots of headaches in the way of charge-offs when the readjustment period comes.

## Louis E. Kirstein

LOUIS E. KIRSTEIN, Vice-President of Wm. Filene's Sons Co., Boston, died at the Beth Israel Hospital, Brookline, Mass., on December 10. He was 75. Mr. Kirstein is survived by his widow, two sons and a daughter.

He led a life rich in a variety of fields: sports, business, education, religion and philosophy, and his is a story of a boy stricken with wanderlust who rose almost by his own bootstraps to a place of preeminence in the international scene. As a young man he had his full share of hard-bitten experiences, but they were his by choice.

He was born in Rochester, New York, of parents who were in comfortable circumstances. He did not like school and his irrepressible impulse to travel carried him away from home at an early age. He was, in fact, self-educated. Baseball attracted him early and he became something of an itinerant "magnate." The game gave him his first great lesson—the significance of money.

After several business ventures, he joined the Boston store of Lincoln and Edward Filene in 1911, and was named Vice-President. His progress in retailing was rapid from then on. His original publicity methods did much to build up the organization's enormous trade. His many talents were frequently drawn on by various business and civic organizations and in recent years he had a hand in almost everything of public interest in Boston.

For a long time he had been an advocate of the theory that small retailers throughout the country are the best listening posts of public opinion and, as such, should have better recognition in Washington. Thus, he was one of the founders of the American Retail Federation, of which he was Chairman of the Board of Trustees.

Some of his famous "Kirsteinisms" were:

"The opportunity for the merchant is unlimited."

"There is no other single power, unless it be the public press, that has an influence comparable to that of the retail industry of this country."

"Advertising pays, when it is believed."

"Individual incentive is stifled by talk of wage-cuts and lay-offs."

"Right in the hands of the \$15 to \$25 young man or woman who stands behind your counters lies the future of your business."

"No industry can rise higher than the caliber of men in it."

"The expense rate cannot be lowered by worrying about it."

"Stores should sell more war bonds—never mind the merchandise."

"Group buying is a stimulus to creativeness."

"One thing wrong with business is that business men do not attend to it."

"Leaders in government should have the power to foresee, to forewarn."

The argument has also been presented that in collecting a one-third down payment we can't suffer much damage although we are forced to repossess the merchandise. I think this is entirely the wrong view to take. In the first place, it is contrary to any good credit extension policy and even though the down payment should be fifty per cent, I can still see no reason for letting the bars down.

In my opinion, this is the right time to further educate the public in the matter of prompt payment of their bills. Again, I repeat that no credit should be extended without first getting an up-to-date credit report.

## SUCCESSFUL CREDIT DEPARTMENT LETTERS

### VOLUME II

Have you obtained your copy yet? Better place your order right away . . . to find out what types of letters are securing the best results for credit granters today.

Its 163 specimen letters present a number of valuable ideas you will want to use. Contains many examples of Regulation W letters. Worth-while hints on letter writing, too.

All letters and forms carefully indexed for quick reference. Among the many kinds illustrated, you will find:

- ★ Account solicitation letters.
- ★ Collection letters.
- ★ Collection notice cards.
- ★ Declining account letters.
- ★ Credit sales promotion letters.
- ★ Good Will letters.
- ★ Inactive account letters.
- ★ New account acknowledgment letters.
- ★ Letters for use with Regulation W.

Don't overlook your opportunity to secure this extremely practical booklet. It will save you time in handling wartime correspondence. Only \$1.00 to members (nonmembers, \$1.50).

A limited number of copies of Volume 1 are also available. With every copy of Volume 2 purchased, you are entitled to secure a copy of Volume 1 at 50 cents each—just half price. You get both for \$1.50 . . . as long as the supply lasts!

**DON'T DELAY—RUSH YOUR  
ORDER TODAY!**

**NATIONAL RETAIL CREDIT  
ASSOCIATION**

Shell Building • • St. Louis, Mo.

## Nashville Christmas Party —A Patriotic Affair

WAR BONDS AND STAMPS totaling approximately \$500 were the prizes awarded to lucky guests at the sixth annual Christmas party of the Nashville Retail Credit Association held December 9 at the Noel Hotel. Bonds and stamps were selected this year instead of merchandise gifts as formerly awarded in previous years. Twenty-five men in uniform of the United Nations were guests at the gala affair and the lucky soldiers who came in for their share of prizes were applauded tremendously. Among the guests were soldiers and sailors from all sections of the United States, Australia and Canada.

President J. E. Pickler's committee on arrangements had one of the biggest jobs this year in competing with parties of previous years. However, it was the consensus of opinion that the meeting was the most successful of all Christmas parties in the history of the Nashville Retail Credit Association.

Committee on arrangements were: W. E. Wilkerson, Assistant Cashier, American National Bank, General Chairman; Harvey King, President, Tennessee Adjustment Service, Chairman of the gift committee, who was assisted by Joseph H. McFarland, Assistant Secretary and Treasurer, McQuiddy Printing Company, and James J. McCormick, Nashville Retail Credit Bureau; R. E. Buckingham, Nashville Retail Credit Bureau, Chairman of ticket sales; and P. G. Wright, Secretary-Treasurer, W. L. Halley and Company, Chairman of decorations. Hugh L. Reagan, Credit Manager, Cain-Sloan Company, and Director, National Retail Credit Association, did a splendid job as toastmaster. Horace Holly and his orchestra provided the music. A picture of those attending is shown below.

## Importance of Complete Credit Applications

*Byron DeForest*

Manager, Great Falls Credit Exchange  
Great Falls, Montana

AT ALMOST EVERY MEETING of credit men and women, and certainly at every National and District Convention, the subject of "Skips" is discussed pro and con. This world is not so big that we could not locate every so-called "skip" if proper applications were taken. Thousands of accounts are given to us on which so little information is obtained that it is next to impossible to find a starting point which would enable us to locate the applicants. The reason for this is that credit executives are negligent about obtaining sufficient data when taking the application.

There is a concern in our city which sells house trailers to workers on our air bases. Most of the purchasers are persons who never lived in this city before and who had never sought credit here. The salesman for this concern brings us the most complete applications I have ever seen. He obtains former addresses (not one, but many); names of father, mother, brothers, sisters, uncles, aunts, and in some instances grandparents. He requires a thorough check of these references and often the telephone and telegraph charges alone cost more than \$10.00 per report. However, this careful credit granter knows it's worth it. One day I asked this salesman why he wanted all this information on applicants and he replied: "I want so much data on every customer that if he tried to lose himself we would be able to find him."

As a collector, I know that it is costly not to obtain full information on applicants; it is unprofitable even if we collect the full account. I cannot stress too much the value of taking a complete application.



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and collection agencies. Saves time and worry! Just off the press.*

## THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT

(1940 and 1942 Statutes Consolidated)

*By J. Gordon Dakins*

Educational Director, National Retail Credit Association

### DO YOU KNOW THE ANSWERS TO THESE QUESTIONS?

- What action should a Merchant take to protect himself when credit is requested by a person classified 1A or 3A by his Draft Board?
- What kind of form should be used when there is a voluntary "give-up" of merchandise by a service man or his dependents?
- Can a service man waive the benefits of the Relief Act?
- When will a waiver made by a guarantor be valid under the Relief Act?
- When is it possible to repossess goods from the dependents of a service man without a court order?
- Can a service man's wife be evicted for nonpayment of rent?
- Why is it necessary to ascertain whether a person is in military service or not before bringing action against him through the courts?
- When is it necessary to file an affidavit as to the military service of the defendant?
- Can a service man secure a stay of proceedings in connection with a judgment entered against him prior to his induction?
- Can a service man succeed in having the carrying charges reduced to 6 per cent per annum during his military service in connection with an instalment contract made prior to his induction?
- Does a storage company require a court order to enforce its lien against a service man's goods?
- Is the period of military service to be used in computing the time within which a debt will be outlawed?
- What relief does the Relief Act provide in connection with income taxes owing by a service man to the Government?
- How long will the Soldiers' and Sailors' Civil Relief Act remain in force?
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# November, 1942 The Collection

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY	
	1942			1941			1942			1941			1942			1941			1942			1941				
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.		
1 Boston, Mass.	56.2	58.9	55.6	49.7	52.0	42.3	23.6	27.6	18.9	15.3	17.1	12.1	64.2	73.4	53.4	52.6	76.5	44.7	—	—	—	—	—	—	—	
Lynn, Mass.	69.9	76.8	64.0	56.5	57.8	48.1	52.4	52.8	52.1	47.1	56.3	37.9	—	—	—	—	—	—	25.0	31.6	21.1	20.0	25.0	17.0	—	
Springfield, Mass.	75.6	78.4	72.8	60.0	65.9	54.0	35.8	44.0	27.7	16.4	21.0	17.8	—	82.2	—	—	57.8	—	—	—	—	—	—	—	—	
Worcester, Mass.	69.1	70.3	68.0	51.1	52.8	49.5	—	30.4	—	—	24.1	—	56.0	62.9	52.3	44.9	52.0	38.0	—	—	—	—	—	—	—	
Providence, R. I.*	—	—	—	50.7	81.8	42.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	12.2	—	—	
2 New York City	60.5	64.0	52.2	48.5	56.8	46.6	21.5	51.9	19.7	21.7	30.2	15.2	57.8	58.2	54.3	46.5	52.6	44.6	—	—	—	—	—	—	—	
Syracuse, N. Y.	64.0	71.5	56.8	44.6	46.5	43.9	27.4	33.1	21.7	15.2	20.8	14.5	—	62.9	—	—	46.4	—	—	—	—	—	11.1	—	—	
Pittsburgh, Pa.	62.9	70.4	55.0	47.6	54.1	41.1	23.9	31.4	18.7	17.2	21.3	13.2	61.9	70.4	52.0	47.2	54.1	41.1	—	—	—	—	—	—	78.8	64.0
Reading, Pa.*	—	—	—	—	58.4	—	—	—	—	—	—	—	—	—	—	—	51.0	—	—	—	—	—	11.5	12.0	11.0	
Washington, D. C.	59.4	63.4	56.3	42.7	47.9	37.3	23.0	25.0	21.1	15.7	20.7	12.7	—	—	—	—	—	—	—	—	—	—	—	—	—	
3 Baltimore, Md.*	—	—	—	44.9	52.3	37.9	—	—	—	21.6	32.0	15.6	—	—	—	39.3	40.2	38.2	—	—	—	—	—	—	—	
Huntington, W. Va.	75.1	78.3	72.0	—	62.3	—	21.1	25.7	16.6	—	14.8	—	—	—	—	—	—	—	18.5	19.3	16.7	11.4	12.1	10.8	—	
4 Birmingham, Ala.	62.4	66.7	54.0	44.3	48.4	38.8	26.2	30.6	23.0	16.4	18.6	13.5	61.1	84.9	43.5	47.3	57.8	41.2	17.8	19.0	16.5	12.1	13.5	10.1	—	
Atlanta, Ga.*	—	—	—	34.7	37.2	30.0	—	—	—	12.5	13.9	10.5	—	—	—	32.5	38.0	26.4	—	—	—	10.2	10.2	10.2	—	
Little Rock, Ark.	—	65.4	—	40.7	42.1	39.3	—	46.9	—	23.3	30.4	16.3	—	63.3	—	—	43.5	—	—	—	—	—	—	—	—	
5 Kansas City, Mo.*	—	—	—	64.0	72.3	51.6	—	—	—	19.5	20.0	19.0	—	—	—	52.0	56.5	42.7	—	—	—	—	—	—	—	
St. Louis, Mo.	73.6	79.6	69.2	58.3	69.3	51.4	28.0	33.3	24.0	20.5	26.8	17.2	62.3	69.4	58.5	46.7	52.5	36.5	—	14.4	—	—	10.8	—	—	
Louisville, Ky.	66.2	66.8	65.6	46.8	55.3	38.2	26.5	32.1	19.9	14.8	17.6	11.7	57.2	63.0	48.0	44.3	50.0	41.1	—	14.6	—	—	9.7	—	—	
Detroit, Mich.	77.3	86.6	60.5	56.5	69.7	45.6	38.8	42.5	34.1	26.9	29.6	18.3	71.9	79.9	64.7	49.5	52.1	47.3	—	—	—	—	—	—	—	
Grand Rapids, Mich.	68.7	71.1	66.4	51.3	57.1	45.5	28.0	29.0	27.1	19.1	19.1	19.1	60.7	71.1	50.9	48.4	60.7	38.0	27.5	36.7	14.0	20.5	25.5	14.8	—	
Cincinnati, O.	69.8	72.9	61.0	57.8	63.1	54.4	24.6	30.5	22.0	16.4	22.0	12.6	60.9	68.0	45.5	53.0	64.3	46.7	—	—	—	—	—	—	63.1	51.0
6 Cleveland, O.	64.6	71.5	59.9	53.8	58.0	49.5	34.7	40.6	23.1	23.1	26.0	16.5	63.5	74.2	52.8	41.9	46.5	40.6	51.5	72.0	31.0	34.9	69.0	11.0	10.9	4.0
Columbus, O.*	—	—	—	52.5	57.5	47.6	—	—	—	15.4	17.1	13.7	—	—	—	49.0	52.6	38.6	—	—	—	—	12.4	39.0	11.6	—
Toledo, O.	70.7	70.8	70.6	50.7	52.5	48.9	28.0	30.6	25.5	21.8	23.0	20.6	62.2	69.6	57.0	—	45.2	—	—	—	—	—	—	—	—	4.0
Youngstown, O.	66.5	70.7	62.3	51.3	52.6	50.0	21.8	22.5	21.2	15.8	16.1	15.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	67.2	70.4	64.8	53.7	55.1	49.7	31.3	33.5	29.1	21.4	22.4	20.4	57.3	67.3	47.4	44.3	52.7	35.9	24.1	26.0	22.2	16.7	18.3	15.7	34.6	36.0
Cedar Rapids, Ia.	80.5	82.9	65.2	59.6	63.5	52.0	37.0	38.0	36.0	21.8	24.0	19.6	—	—	—	—	—	—	—	—	—	—	—	—	—	
Davenport, Ia.*	—	—	—	57.1	59.0	55.3	—	—	—	16.5	—	—	—	—	—	—	—	—	—	—	—	—	—	21.0	—	—
Des Moines, Ia.	69.6	79.5	59.7	47.2	50.7	43.8	—	23.9	—	11.9	—	—	54.6	77.0	52.0	46.6	59.0	45.0	—	—	—	—	—	—	—	
7 Sioux City, Ia.	63.7	67.4	60.0	46.1	47.8	44.4	22.4	26.6	18.2	18.8	19.8	17.8	—	52.0	—	—	45.0	—	—	24.1	—	—	—	20.6	—	—
Minneapolis, Minn.	84.4	88.2	80.8	65.0	65.9	64.2	36.3	40.0	27.3	19.6	22.0	15.1	—	81.0	—	63.1	65.0	61.1	—	—	—	—	—	—	10.8	—
St. Paul, Minn.	72.0	79.7	63.1	52.7	60.7	47.3	46.8	83.4	24.5	26.4	46.8	17.7	64.4	65.1	63.8	47.1	56.0	47.3	—	—	—	—	—	—	—	—
Omaha, Neb.	—	65.1	—	—	45.7	—	—	21.0	—	—	11.8	—	65.3	68.6	62.1	44.4	44.9	43.9	—	—	—	—	—	—	—	—
8 Tulsa, Okla.	70.9	86.0	53.7	56.4	64.9	50.0	30.1	39.0	19.0	22.1	33.4	13.0	69.1	82.3	56.0	55.1	57.3	53.0	—	—	—	—	—	—	—	—
San Antonio, Tex.	60.0	64.3	47.0	41.0	43.0	36.0	15.0	16.1	14.5	—	—	—	61.0	66.0	58.0	41.0	47.0	35.0	18.0	35.0	16.8	11.0	12.0	10.0	—	—
Denver, Colo.*	—	—	—	46.8	48.9	45.1	—	—	—	15.1	17.9	11.5	—	—	—	46.0	47.0	45.1	—	—	—	—	—	—	—	—
9 Salt Lake City, Utah	78.0	86.6	71.1	59.8	64.8	56.8	39.5	55.4	29.8	20.0	20.9	18.7	—	—	—	—	—	—	—	—	—	—	10.7	12.5	8.9	—
Casper, Wyo.	—	113.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10 Spokane, Wash.	76.0	76.3	75.7	56.8	58.5	55.2	19.8	20.5	19.1	12.4	13.1	11.2	94.9	108.9	81.0	55.1	59.0	51.3	—	—	—	—	—	—	—	—
Los Angeles, Calif.*	—	—	—	60.0	63.0	51.6	—	—	—	18.0	21.5	17.2	—	—	—	46.5	57.1	40.0	—	—	—	—	—	—	—	—
Oakland, Calif.	72.8	74.3	66.0	50.8	53.3	41.7	28.1	45.4	19.5	17.1	28.3	15.1	58.3	66.1	50.4	44.0	52.6	35.5	—	31.5	—	—	20.3	—	—	—
11 San Francisco, Calif.	64.1	80.3	57.8	43.9	52.8	38.0	29.6	35.7	23.8	17.2	22.1	14.0	50.0	56.6	44.6	36.1	37.9	32.6	—	—	—	—	—	—	—	—
Santa Barbara, Calif.	60.4	72.7	48.3	49.5	56.2	42.7	—	—	—	—	—	—	56.3	59.7	52.6	46.2	48.9	42.4	—	—	—	—	—	—	—	—
Vancouver, B. C.	72.5	80.5	64.6	67.2	74.8	59.5	31.0	33.1	29.0	22.3	25.1	19.5	—	76.0	—	—	55.0	—	24.2	30.0	18.5	19.5	21.0	18.0	—	—
12 Victoria, B. C.	87.1	90.8	83.5	71.6	78.6	64.6	27.9	31.0	24.8	22.7	27.1	18.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

\*1942 figures not received at press time  
 °Installment

<sup>1</sup>Furriers  
<sup>2</sup>Laundry



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# NATIONAL RETAIL CREDIT ASSOCIATION

**St. Louis, Mo.**

## NAME OF FIRM

MONTH OF \_\_\_\_\_

19

In the interest of efficient credit control accounts past due more than 60 days or accounts in an overbought condition should be reported to the Credit Bureau.

Form 721—National Retail Credit Association—Saint Louis

# The Book Shelf

**Record Keeping for Small Stores** (Bureau of Foreign and Domestic Commerce, United States Department of Commerce, Washington, D. C., 93 pages, 30 cents)—A manual for small retailers, describing what records are needed and how these may be kept with a minimum of time and effort. It sets down in practical terms the procedures for record keeping that are necessary for the intelligent management of a small store. A "one-book" system is provided that will furnish all the business facts necessary, not only for successful management, but also for the preparation of income, social security, Federal excise, and sales tax returns. Available from the United States Government Printing Office, Washington, D. C.



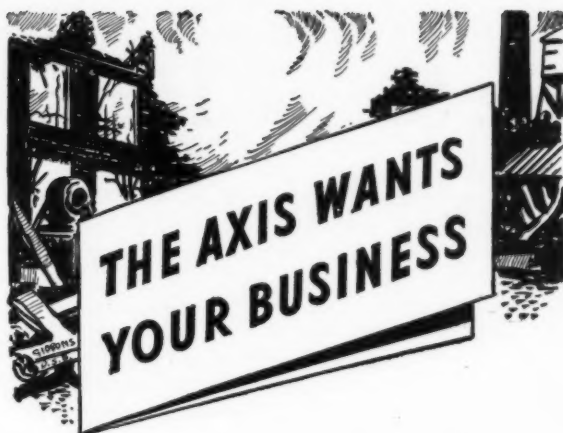
**Census of Business, Volume 1—Retail Trade: 1939, Part 2—Commodity Sales and Analysis by Sales Size** (United States Department of Commerce, Bureau of the Census, 923 pages, available from Superintendent of Documents, Washington, D. C., \$2.75)—Contains a detailed analysis of sales by commodities, for each kind of business in each State, in the form of ratios by means of which it is possible to compute the approximate dollar sales of each listed commodity or group of commodities, by States and for the United States. Also contains an analysis of basic retail data by sales size (amount of annual business) by kinds of business for each State.



**Safeguarding Records From Air Raids** (Policyholders Service Bureau, Metropolitan Life Insurance Co., 1 Madison Ave., New York City, 40 pages)—Provides information on the manner in which this problem can be and is being met. The report is based largely on information from about 50 companies, including industrial, financial, utility, and mercantile organizations, located in various parts of the United States and Canada.



**Wartime Rationing and Consumption** (Columbia University Press, International Document Service, 2960 Broadway, New York, N. Y., 92 pages, \$1.00)—First it was sugar, and tires, and automobiles, and gasoline in some states. Then it was fuel oil, and gasoline all over the country. At this writing, meat, and probably other items will soon be on the list. We Americans are beginning to learn what wartime rationing means. But we are only beginning. The experience of our enemies and our allies alike has been not only longer but very much more extensive. It is safe to say that there is hardly anyone who has a clear or reasonably complete picture of rationing as a world-wide phenomenon. This book is for the individual American who has a very personal interest in what rationing will mean to him, and also for all those with a professional interest in the subject—businessmen, economists, nutritionists and others.



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## War Savings Bonds

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**NATIONAL RETAIL CREDIT ASSOCIATION**

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JANUARY 19 CREDIT WORLD

# He Swept Himself Into a Credit Loss

*M. N. Bunker*

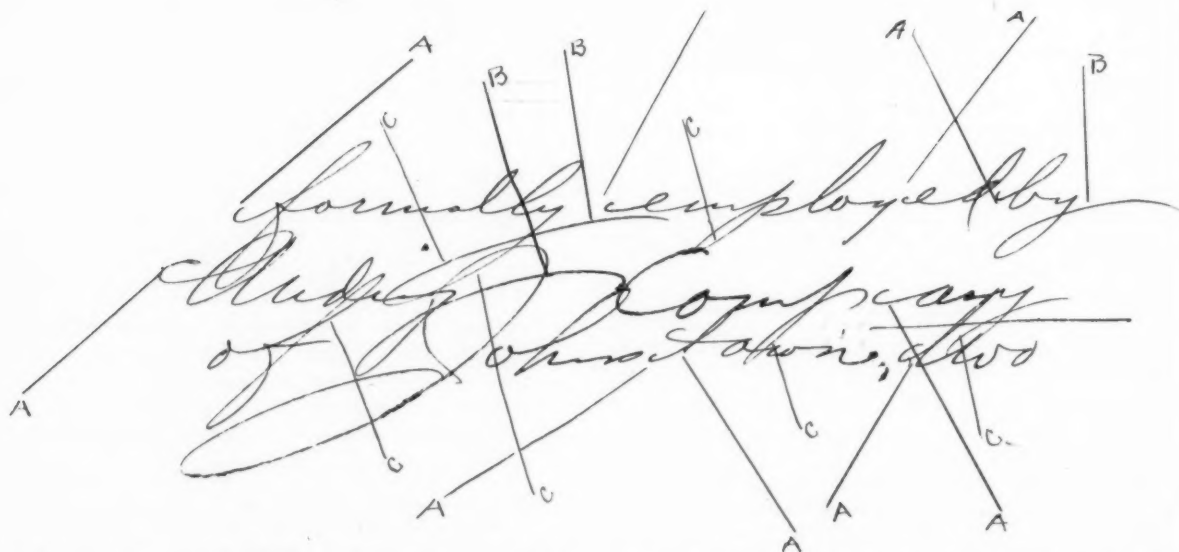
American Foundation of Grapho-Analysis  
Linn Creek, Missouri

**J** WAS A very good customer. He bought easily, and his credit was good. His employer spoke well of his ability. Credit managers found him agreeable, with an excellent record for a young man.

It was Mrs. J who was not a good customer. She was unresponsive during interviews. She was neither sold, nor interested in credit. Salesmen sized her up as a "hard case" for when the J's looked at furniture. Mrs. J rarely had an opinion, and when she did, it was "no." She was not interested in the new radio, coming out quite bluntly with the remark that the one they had was all they needed. But Mr. J did not agree. He explained that payments would be small, but they would

be steady. He kept his word. Nothing boastful, but the definite assurance that everything was O. K. Sometimes a salesman was sorry for Mr. J because his wife was so lacking in cooperation. She might have taken more of an interest in their home, especially as the J's were just getting started in life.

Then the young woman who assisted Credit Manager L picked up the Information Blank that Mr. J had given. She studied it. She studied it just as closely as though she were studying a serious textbook lesson. She broke a rule, slipped the blank in her purse and took it home. Next day she was not quite so enthusiastic about anything. Credit Manager L thought she might not be



1. In the above specimen the "A" lines indicate initial hooks, either at the beginning of a word or in the body of the word as in the word "employed" where there is a hook at the beginning of the word, and also a hook before the last "E." An initial hook may occur either at the beginning of a group of letters or figures, or in the body of such group, but wherever they occur they indicate desire for acquisition. To avoid confusion no attention is given here to the size of the initial hook.
2. The "B" lines lead to long finals, that is very long finish strokes. Such long final strokes represent generosity, but like all other strokes are influenced by all other strokes found in a handwriting.
3. When you follow the "C" lines you will find they lead to loops that run into the line above, or the line below. In "formally" the letter "F" runs down into the "A" of the line below, and the "Y" cuts through below, creat-

ing confusion. Such loops that repeatedly tangle with the line above or the line below indicate a strong desire for variety, or the opposite of organization.

Inasmuch as J shows all three traits, the effective way to know J is to consider the influence of each of these traits on the others. First there is pronounced desire to own or to acquire, but there is as much readiness to expend, or give off, providing a picture of a person who wants continually to own, but is likely to care little about a possession after the gratification of the desire to acquire has been accomplished. It is not ownership over a period of time, but the acquisition that is so strong in J's make-up. Finally, when you add the desire for change and something different you have a trait that adds to the desire for acquisition. J will want to acquire almost anything, even everything, but will lack the sense of responsibility to care for it after he gets it.

feeling well and suggested an aspirin. The young woman smiled but before closing time she put this memo on Mr. L's desk.

"All of the credit information we have on Mr. J checks in fine shape—but the cokes are on me if we don't wish the other fellow had sold him."

Checking Mr. J's handwriting she had found impulsiveness, enthusiasm, a yen for something different so pronounced as to be a dominating trait. These, and acquisitiveness. According to his handwriting Mr. J would be on the alert to see new things to want. He would want them until he gained possession of them, then the charm would be gone, and he would want something different. He was capable of great enthusiasm about anything and everything.

Splendid traits, but like a teaspoonful of pepper in a fruit cake, the mixture was just off color. Each individual trait, valuable in itself, added up wrong when it came to buying and meeting obligations. Mrs. J had undoubtedly sensed the situation, but not being a fighter, could not stop the flood of buying.

Credit Manager L checked more thoroughly and avoided a loss. Mr. J's handwriting revealed that underneath the agreeable personality, there were dangers that needed watching. On the other hand the references told the truth. Mr. J was capable. He was thoroughly alive, a crack salesman, but with the difficulty that he wanted too many things too often. He was not lacking in integrity or ability but his handwriting revealed the truth which various credit executives discovered—that he could not say "no" to his own desires for ownership.

### Pen Strokes Have Value

Each individual pen stroke has a value. It is just one value among many, each with an independent value, but each directly or indirectly affected by other strokes, as each represents a human character trait. In one man's handwriting the desire for acquisition may be a beneficial trait, because there are other characteristics that may influence it to create a value. The trouble with Mr. J was that like a plum pudding where the cook makes a mistake, he was stirred up with too much of one ingredient and not enough of another. If he had been merely anxious to acquire, and then generous, he might have been a safe credit risk within reason. As it was he wanted something different all the time, and this desire for variety turned the other traits into dangers, making him a definite risk. Keep in mind, if you will, that each individual rule as published and illustrated will stand up, but that each of these individual traits registered in handwriting is affected by other traits possessed by the individual writer.

This explanation is made in part, at least, in order to clear up questions that have already been asked by an astonishing number of correspondents who have been good enough to express much interest in these articles. The idea back of handwriting analysis is a heritage of ages. Graphologists have been attempting to work out solutions to personality problems, but various individuals arrived at conclusions that varied greatly. Without desiring to talk about myself, the principles used here are not graphology principles. They have been arrived at over a period of many years, since 1910, and have been

tested so many times that no accurate estimate can be made. Each single principle stands alone, but the most important part of handwriting analysis is the influence of one trait upon another. It is this that provides the accuracy of detail that is invaluable in knowing people, even those you think you know well.

The significance of these single rules is that they are quick to catch the eye. They are reliable. You can get a quick and exact picture of a writer's outstanding weakness, even the limitations of that weakness. Going through a stack of registration cards on an honesty check, the manager of a hotel selected one card. The answer was simple. "That man will never cash a bad check but he'll steal the sheets."

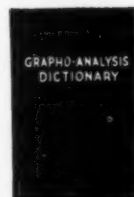
He had.

It was not guesswork. The guest was a small-time, hide-out crook, but lacked the courage to present a bad check. He could not face the cashier, but he would steal the sheets because no one was looking.

Your customers who will "steal the sheets" may greatly outnumber those who will do worse things, and "stolen sheets" mount up, creating a loss that might be avoided. Furthermore, the man who will proffer the bad check identifies his character just as readily as the fellow who creates the small losses.

Every time? Yes, *every time* to the expert who knows how to evaluate handwriting and get a complete picture quickly, and in a very high percentage of cases for the man who, like yourself, may just know a series of rules, each representing some single weak spot in a writer's character. It *works*.

## BOOKS YOU CAN USE NOW!

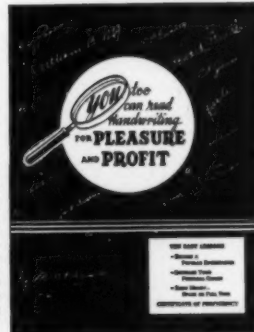


Professional grapho-analysis requires months of spare time study, as well as resident work, but here are two books that provide working tools for the layman who wishes to test grapho-analysis immediately. Both authorized by the American Foundation of Grapho-Analysis, therefore dependable.

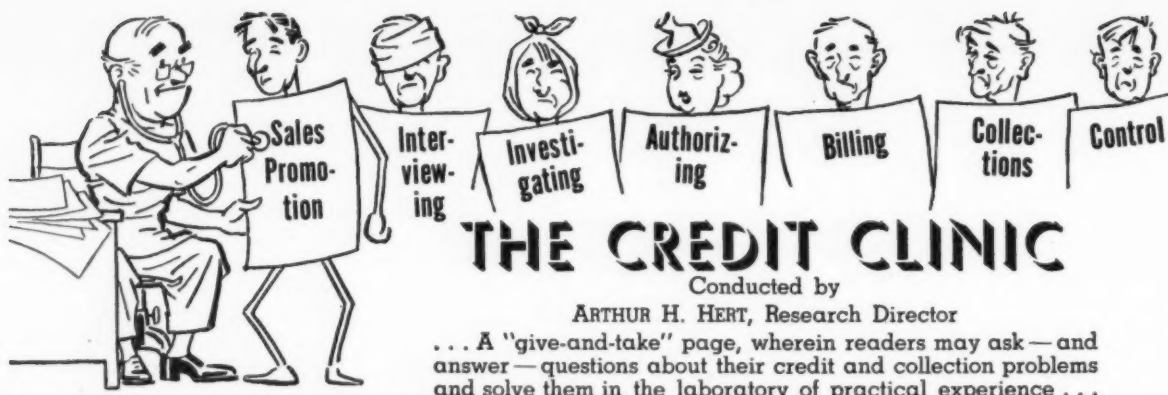
**GRAPHO-ANALYSIS DICTIONARY.** Not in any sense a "course." Prepared for professionals this book has made its own way until now it is used far and wide. Fully illustrated, the only book of its kind ever published. \$3.00 prepaid.

## 10 FASCINATING LESSONS

**YOU TOO CAN READ HANDWRITING.** Here, in condensed form, are the essentials of a course, self-checking, and liberally illustrated. Adopting the "picture book" style of presentation, you can, in three evenings, learn an amazing amount of workable principles that you can put into immediate use. No other book like it ever published, every principle tested and used over many years. Valuable to those who are too busy to study longer training courses. \$1.98 postpaid.



**NATIONAL RETAIL CREDIT ASSOCIATION**  
Shell Building St. Louis, Missouri



## Are Slow Accounts Getting Slower?

(Continued from December CREDIT WORLD)

### The Question

*Due to high monthly payments today, accounts outstanding for sixty days have dropped to an unusual figure. However, many stores are reporting that the slow-pays still remain slow even to the extent of increased percentages. In other words, the good accounts pay two weeks sooner and the poor ones all turn into collection items.*

*Tell us about the condition of your charge accounts that are six months old and over. What are you doing about them?*

### The Answers

**Austin, Texas:** We are pleasantly surprised at the very few accounts which have become collection problems because of Regulation W. Each year at this time we compile a list of what we consider doubtful accounts—those with balances dating back more than six months. Our list this year is fewer in number and the total amount involved is smaller. We feel safe in saying, then, that Regulation W has presented for us no new collection problems.

★ ★ ★

**Baltimore, Md.:** Those charge customers who have found it impossible to pay their bills in accordance with 30-day terms have been in the habit of taking longer, but we have in many cases been able to keep their accounts in acceptable shape, perhaps by settling on a basis of 90 or 120 days. By this practice (since most stores have been permitting such) they have been enabled to use their credit continuously without serious disruption in the flow of business or the regular turnover of accounts. But if that same class of trade is now unable to meet the terms required, it seems logical in some cases at least that the first charge which has failed of payment by the specified time will effectively freeze the account to further charges, forcing that customer into other stores either for the opening of another account or for purchasing on a cash basis. Often this cash business will remain in the very store where the overdue account is to be found. Thus accounts that are good are now bound to be very good and those that are bad

are very bad. We have not changed our treatment of any of our accounts as far as collection procedure is concerned. We have always been fairly successful in the collection of our accounts; those that do not respond now to the natural treatment are handled through a collection agency or by other legal measures as may appear to us to be appropriate.

★ ★ ★

**Baton Rouge, La.:** Our 30-day accounts have reduced at least 40 per cent over this time last year. Our collections, of course, are considerably higher. The slow paying customers are paying up more promptly, with the exception of a few who have entered the armed forces of the United States. In contacting some of the other credit executives here in Baton Rouge, on this subject, I find that the majority believe accounts receivable have been reduced materially and that the prompt paying customers are now paying more promptly. They report that the slow paying accounts are paying somewhat as they have in the past; however, a few stated that even these accounts are paying more promptly than formerly.

★ ★ ★

**Brooklyn, N. Y.:** Our comparison with 1941 shows the following:

	No. of Accounts With Balances Dating Back to:	
	July	June or Prior
Oct. 31, 1941	2,616	239
Oct. 31, 1942	1,192	164

From the above, you will notice that the number of delinquent accounts October 31 of this year was considerably less than last year. Our ageing on September 30 showed the same decrease over last year. Our collectors are now able to give their accounts individual attention with personal letters or telephone calls.

★ ★ ★

**Cleveland, Ohio:** At this time we do not have as many six-month-old accounts as we had this time last year. Also, the amount in suspense and reserve for this year to date is considerably less than last year. The net result has been that many accounts which we considered slow have been paid. Without doubt the con-

sistently slow account is still slow in some instances and it may be a considerable time before it is paid; however, human nature does not change and we will receive the payment eventually. We do not consider the situation one of serious concern.

\*\*\*

**Duluth, Minn.:** We have found that a slow paying customer will always be slow, whether he is making more money or not. He doesn't usually pay until he is ready to do so. We have noticed, though, that good accounts pay even sooner than heretofore. On July 10 when the freezing order of Regulation W went into effect, we had approximately 500 accounts that were frozen. Of these, about 300 were six months old or over. Out of the 500 accounts about 250 paid in full and about 150 paid in part. The balance of about 100 represents the unpaid charge accounts of men in the armed forces and will be charged off at the close of our fiscal year. The 150 partly paid accounts will be turned over to the collection agency. Due to the tightened credit policy, the number of accounts that are six months old and more has been greatly reduced.

\*\*\*

**Joplin, Mo.:** We find that there are less slow accounts now than ever before, and also that accounts which have been more or less slow are paying up in order to keep their credit good. Our profit and loss, or accounts to hand to the collector, will be smaller this year than ever before. We are well pleased with the workings of Regulation W and believe it has done a great deal for both the merchant and the customer.

\*\*\*

**Milwaukee, Wis.:** Our collections have shown a remarkable increase since the regulation went into effect in May. Month after month we are showing a better collection figure and a larger increase on a percentage basis over the previous year's collections. This applies to both regular and installment accounts. Due to Regulation W, the way the picture is now, our losses will be considerably less than what we anticipated. This proves to us that even the slow-paying customers are liquidating their indebtedness, and, in general, should not cause us much worry.

\*\*\*

**Minneapolis, Minn.:** Due to the fact that many of our customers are engaged in war industries at the present time, with increased salaries, we are pleased to report that accounts six months past due are indeed very few. We find that most of our accounts are being paid according to agreed terms.

\*\*\*

**Portland, Ore.:** There has been no material change in the condition of our charge accounts six months old and over. A small percentage of these balances have been transferred to note accounts so as to allow the customer to use his charge account on a strictly 30-day basis. We are concentrating our collection efforts on those that have not been transferred to a note, in an effort to convert them to promptly paying 30-day accounts. The regulation has caused a number of 90-day accounts to pay in 60 days, but has also changed some of the 30-day accounts to 60 days. However, there has been a definite improvement in the number of accounts going over 90 days.

**Pittsburgh, Pa.:** We recently held a question and answer forum at a special meeting conducted by a committee of leading credit managers. What this forum revealed on the effects of Regulation W follows:

**Q.** In what way has Regulation "W" changed the collection problem, if any?

**A.** The committee feels that the 30-60-day accounts are now paying by the 10th, 15th or 30th of the month in which they receive their bill. The accounts which were formerly paid from 60 to 120 days are being paid somewhat slower, and the accounts which paid from 120 days to six months need special attention because they are getting worse each day. This may be due to a number of factors, such as: The customers are paying cash for ready needs and paying off all accounts as they possibly can; or paying one department store and thereby keeping that account in good standing but leaving the others in default and paying them as they can. Skip accounts are far greater than ever before due to people's moving from one town to another.

**Q.** Do you recommend closer scrutiny on over-limits or past-limits on accounts in general?

**A.** As far as over-limits or past-limits accounts are concerned, they should be watched very carefully because if you permit a customer to overbuy under these conditions, you may have difficulty in collecting later on, due to the conditions which may exist. Further, this is the very thing which would cause inflation—customers overbuying and mortgaging their future.

\*\*\*

**Philadelphia, Pa.:** We find that Regulation W has been very effective, and contrary to experiences of others our slow pay accounts have considerably decreased. Those remaining slow pays are, of course, being given our treatment and while we do not expect it to cure entirely the habit of slow pay it has certainly gone a long way in that direction.

\*\*\*

**San Francisco, Calif.:** Since the advent of charge account regulation, our collections (exclusive of contract or lease accounts) have increased from 25 to 30 per cent above the previous normal average, and the number of frozen accounts have decreased from .220 per cent of statements mailed, to .109 per cent in October, and are still further declining. In mailing our statements at the beginning of the month, we segregate the frozen and slow pay accounts from the prompt pays and hold the slow pays for special treatment. The good accounts go out in the mail as rapidly as possible and with little or no delay. A sticker attached to the statement has been found to be most effective, and in some cases a specially dictated letter brings the desired results. The sticker is accompanied by a prepaid addressed envelope. The more difficult accounts and those which do not respond to this treatment are given to our outside collector to make personal contact. By these several methods we have been successful in greatly reducing our number of slow pay accounts.

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**Washington, D. C.:** The number of slow or suspense accounts on our ledgers now is about the same amount as this same time a year ago. We, therefore, feel that the Regulation has not caused slow-paying accounts to become slower.

Meetings  
ELECTIONS

# NEWS ITEMS

Personal and  
OTHERWISE

## San Francisco Credit Clinic

On October 19 and 20 the Associated Retail Credit Men of San Francisco, California, sponsored a very successful Credit Clinic which was attended by 75 leading credit men and women of the Bay District and adjacent cities. This was the second such Credit Clinic held there in 1942 and was unanimously decided on because of the large attendance at and the interest manifested in the first Clinic held there in April, 1942. The Chairman of the Educational Committee, Frank Batty, presided during the Clinic sessions and all preliminaries and entertainment were dispensed with except for a brief address of welcome by E. J. Dollard, Dean of San Francisco credit men. Outstanding speakers provided an excellent program and it would seem that these Credit Clinics will be a "must" in the future credit activities of the San Francisco and East Bay Credit Managers.

## Los Angeles Credit Conference

A successful conference on credit management in the post-war economy was held at the University of Southern California, November 12 and 13, 1942. Sponsors of this Conference were: The University of Southern California; Los Angeles Credit Men's Association; Los Angeles Bank Credit Men's Association; Retail Merchants Credit Association; Building Material Dealers Credit Association; and California Association of Small Loan Companies. It was a well-attended Conference as the picture below of one of the meetings will testify. Prominent speakers and those who took part in the panel discussions offered splendid educational material and, in addition, the Conference gave credit executives and employees an opportunity to get together.



CREDIT WORLD 24 JANUARY

## Frank M. Butler

Frank M. Butler, Owner and Manager of the Commercial Service Company, St. Paul, Minnesota, died from a heart attack on November 13. He was a Director of the St. Paul Retail Credit Association and was active in local retail credit activities for many years.

## S. Frank Block

S. Frank Block, Credit Manager of Levy Brothers, Louisville, Kentucky, died December 4, after a very short illness. Long active in retail credit affairs, local and National, Mr. Block was a Director of the Credit Rating Company and Vice-President of the Retail Credit Managers' Association of Louisville.

## Robert H. Blum

Robert H. Blum, 51, Assistant Credit Manager of the Boston Store, Milwaukee, Wisconsin, died suddenly of a heart attack. He was connected with the Boston Store for more than 20 years. His widow and a daughter survive.

## New Credit Manager at Kresge's, Newark

Francis J. Fitzpatrick, for many years Credit Manager of the Kresge Department Store, Newark, New Jersey, has resigned, and Charles Singer, former Assistant Credit Manager of the store has been appointed to the position. Mr. Singer has been with Kresge's since 1930 and Mr. Fitzpatrick was with the firm since 1922.

## Seventh District Meeting Postponed

The annual conference of District Seven (Missouri, Kansas, Oklahoma and Arkansas) scheduled for February 14 and 15, 1943 has been postponed.

## Recent Elections

### Pittsburgh, Pennsylvania

At the annual meeting of the Retail Credit Association of Pittsburgh, October 22, the following officers and directors were elected: President, Franklin Blackstone, Frank & Seder; First Vice-President, F. R. McCaffrey, Thos. McCaffrey Co.; Second Vice-President, C. G. Kaessner, Kaufmann's; Third Vice-President, John Gwyer, John Gwyer Press; Secretary, Walter Rosenbaum, The Credit Bureau, Inc.; and Treasurer, C. W. Orwig, Commonwealth Trust Co. Directors: J. A. Brown, J. R. Weldin Co.; Frank Cooper, Hahn Furn. Co.; A. C. Dunn, John M. Roberts & Son Co.; E. J. Fischer, A. J. Mansmann Co.; T. L. Ford, Boggs & Buhl, Inc.; J. L. Gillespie, J. L. Gillespie Co.; David H. Goldman, Rosa Goldman Co.; Mrs. Agnes R. Joyce, Shields Corset Shop; Edna Kennedy, Joseph Horne Co.; A. S. Kerby, Hardy & Hayes Co.; H. W. Leonard, Joseph Horne Co.; B. J. Lindberg, Spear & Co., Pittsburgh; W. B. McConnell, Jonasson's; J. L. Meyer, Standard Office Supply; E. J. Rowe, Boyd's, Inc.; Miss M. A. Schwalm, Rosenbaum Co.; R. W. Sloan, Reymer & Bros.; Dr. Leslie Waddill; Jos. A. White, Harris Stores Co.; C. E. Willis, N. Y. Life Insurance Co.; H. E. Wilson, Gimbel Bros.; Arthur Wood, American Oil Co.; and M. S. Zimmerman, Duquesne Light Co.

### Tulsa, Oklahoma

The Tulsa Retail Credit Association recently elected the following members to their advisory board for the ensuing year: President, Ben K. Bilbrey, Motor Exchange; and Secretary, J. C. Rayson, Retail Merchants Association. Jimmy Walker of the Public Service Co., was named special program chairman. Other board members elected are: Earl Beard, National Bank of Tulsa; Mary Freese, Clark-Darland Hardware Co.; Joe Goepfinger, Shannon Furniture Co.; Ollie M. Greer, I. Miller Co.; Claude Hale, Clarke Clothing Co.; Zella Holmes, Mid-West Printing Co.; J. F. Holt, Renbergs; Marion Leleu, Brown-Dunkin Co.; Glen McCalmon, Fields Apparel; J. R. McKee, Palace Clothiers; Margaret Mayo, Interstate Securities; Jimmy Rhodes, Vandevers; and Edythe Shephard, Woolf Bros.

### Beaumont, Texas

Newly elected officers and directors of the Retail Merchants Credit Association, Beaumont, Texas, for the ensuing year, are: President, Aaron B. Littman, Gem Jewelry Co.; Vice-President, Gaston LeBlanc, Globe Laundry; and Secretary-Treasurer, Mrs. Madge Newman, Geo. Wilson Clo. Directors: Jack Kline, Kline-Turner Furn. Co.; Geo. Adams, Jr., S. L. Adams & Co. Grocery; and Mrs. Sammie McCroskey, Worths, Inc.

### Miami, Florida

The following were reelected officers of the Retail Credit Men's Association of Miami for the coming year: President, E. P. McConnell, Emerson Tire Co.; Vice-President, Francis Farrey, Farrey Hdw. Co.; and Secretary-Treasurer, D. F. Hosford, *Miami Daily News*.

## BAROMETER

### of Retail

## BUSINESS

### Sales and Collection Trends

November, 1942, vs. November, 1941

Compiled by Research Division, National Retail Credit Association

Arthur H. Hert, Research Director

**C**REDIT SALES decreased 2.8 per cent during November; total sales increased 21.8 per cent; and collections increased 12.0 per cent in the United States and Canada, as compared with November, 1941. *Bills are now being paid more promptly in many cities due to the decrease in amount of merchandise available. The decrease in credit sales was not as great as in previous months; however, the increase in total sales during November kept pace with the increase during October, due to more and more money in circulation.*

Highlights of the monthly analysis are shown in the tables below:

### Highlights for November

- 40 Cities reporting.
- 13,996 Retail stores represented.

#### COLLECTIONS

- 39 Cities reported increases.
- 12.0% Was the average increase for all cities.
- 26.8% Was the greatest increase (Beaumont, Texas).
- 1 City reported a decrease (10.0%, Aberdeen, So. Dak.).

#### CREDIT SALES

- 30 Cities reported decreases.
- 2.8% Was the average decrease for all cities.
- 20.0% Was the greatest decrease (Sioux City, Ia.).
- 10 Cities reported increases.
- 23.0% Was the greatest increase (Dayton, Ohio).

#### TOTAL SALES

- 40 Cities reported increases.
- 21.8% Was the average increase for all cities.
- 48.9% Was the greatest increase (Beaumont, Texas).

# Wartime Cooperation

## Between Credit Executives and Credit Bureaus

W. L. Brian

Credit Manager, Joske Bros., San Antonio, Texas

**B**EING SO ENGROSSED in the many problems with which we are confronted today, trying to maintain a credit operation like that to which we have been accustomed, I had not given the subject of wartime cooperation between credit executive and credit bureau much consideration.

In reminiscing a bit over the situation, I was really startled to think how little I had done to find out just how our department might better cooperate during these times. On second thought, I said to myself, after all this is not a one-sided affair, as the bureau is involved just as much as we are. Thinking a little further back I could not remember having been in our local bureau manager's office in over a year, nor had he been in mine. So, how in the world are either of us going to cooperate if we don't know each other's problems. I would venture to say that this holds true throughout the country. All of us are so busy we just can't seem to find time to learn what could be done to help each other, whereas if we did, our daily tasks would unquestionably be lighter.

### Problems Confronting Bureaus

In order to know better just why cooperation is so necessary during wartime I have done a small amount of research in an attempt to get a clearer picture of what the bureaus are confronted with. There is no question of the fact that bureaus are faced with a problem which they never dreamed would happen, brought on by Federal regulations. Many of the sources of revenue formerly enjoyed by them, such as automobile companies, tire companies, finance companies, etc., are either gone or are on their way out of business, and every ingenuity of the bureau managers must be used to try to find new fields to keep them operating. Here the merchants and credit men must find out just how seriously the bureaus are affected, and start now to lend cooperation to see that their particular credit bureaus stay in business. It should be the duty of every credit manager or merchant to check this at once, to see whether there is any chance of their bureau closing. Now more than ever accurate, prompt reports should be available. The migration of skilled labor, and for that matter all labor, is moving from the smaller communities to the cities, and it is these smaller bureaus which are the hardest hit.

A shifting of population from one city to another for better jobs is another reason which makes it more important than ever that our entire nation should be honeycombed with all the bureaus possible, to insure prompt and correct credit information in order to keep our credit granting on a sound and profitable basis. Many bureaus are resorting to other means of income

such as the establishment of letter shops (where they have the multigraph equipment), collection departments, skip bureaus and a thousand and one other means to derive enough income to stay in business.

We are in a total war much more serious than any of us realize to date, and I am of the firm opinion that huge profits which we formerly enjoyed should be forgotten. I do not mean by this that we should not try to get all we can, but if we can stay in business and break even I would say we are lucky. Then when this war is over all of us may again enjoy the prosperity to which we were accustomed. I believe this so strongly that in my humble opinion every bureau manager should let his local merchants know the true status of the credit bureau and even go so far as to request that all the merchants get together, if necessary, and underwrite the bureau for the duration; or do whatever is necessary to keep that centralized reporting bureau in business.

One means of a bureau's gaining additional income might be the establishment of a clearing house on Regulation W, whereby all stores could enter into a community policy of not selling any customer if they have an account frozen with another store. The advisability of such a community policy is argued pro and con due to the clerical work involved, the difficulty in keeping trained personnel, and the fast turnover both in help and information involved. For example: In July we froze 15 per cent of our accounts and 48 per cent were reopened before the end of the month. In August we froze 8 per cent and reopened 72 per cent; in September, 8 per cent were frozen and 51 per cent reopened. So the arguments for and against such a community policy are well founded.

### Survey of Bureau Business

A survey was made of the Fifth District of the Associated Credit Bureaus of America (Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin [except Superior], and Ontario, Canada), comparing bureau business in January and February of 1942 with the same months of 1941, which gives some very enlightening information. Almost every bureau contacted indicated a decisive decrease in business, the average being 23.5 per cent. The greatest decline was in small bureaus, the drop being as great as 60 per cent. The smallest decline was in the larger cities with a population of 150,000 or more. There has been no decline in San Antonio which is easily explained by the fact that this city is one of the many throughout the country accelerated with war effort.

Inquiries from auto finance and tire dealers showed a decline of 40 per cent, and, of course, these are practically out of business now. Furniture and appliance inquiries

were off 48 per cent; heating, plumbing and home modernization, 50 per cent; groceries, dairies and associated products, 2 per cent. Department stores indicated a drop of only 7 per cent which is most interesting as this would indicate an increase in new credit seekers now earning sufficient incomes to establish credit accounts and buy their necessary needs. This adds new file records to the credit bureau which is a most favorable condition for the bureau. This will, of course, help to offset, somewhat, the drop in former inquiries on hard lines such as frigidaires, sweepers, stoves, washing machines, etc., which none of us have to sell today.

### Reducing Overhead Expenses

The average reduction in overhead expense runs about 17 per cent to try and meet the 23.5 per cent decline in business. This creates a situation that should be studied very carefully, especially in regard to personnel which when reduced cannot be replaced and, if so, in most cases with much less efficient help.

This could prove to be a boomerang to the bureau, as their service could suffer terrifically, and speed and accuracy is the one thing we need today in everything we do. Statistics show that there has been a drop of from 18 to 26 per cent less efficiency in clearing ratings due to inexperienced help.

It might be interesting to note the manner in which a bureau's income goes for operation (approximate):

- 62.9% of total expense for wages.
- 9.3% telephone and telegraph.
- 4.3% rent, utilities.
- 1.7% postage (some bureaus as high as 3.9%).
- 2.6% taxes.
- .6% advertising promotion (sometimes as high as 2.4%).
- .4% professional services.
- 18.2% printing, paper, forms and office supplies.

These figures are fast changing with the rising costs, and are not, of course, accurate right now. This is not the time, either, for increased charges on reports, for all of our expenses are increasing proportionately, unless it should be a case of a bureau's not being able to operate out of the red, and here again it is just a case of all of us knowing each other's problems and working them out amicably. We should be content to stay in business for the duration, forgetting the huge profits formerly enjoyed. The man power of our country is certainly making sacrifices in giving up good jobs to defend our homes and business institutions, and this would seem a really small sacrifice compared to theirs in this all out effort of ours. On the other hand, it certainly is no time to make reduction in rates in an effort to obtain volume, for in all probability they will never be readjusted to the same level. Just what can we do then, credit executives, store managers and bureau managers? *Learn each other's problems today!* Bureau managers, learn your clientele problems; merchants and credit men, learn your bureau problems, and all pull to the one end—perfect coordination and cooperation. Credit managers can cooperate better by:

1. Getting complete credit applications, giving bureaus all the information gained. Perhaps even going so far as to furnish the bureau with a copy of the original application.
2. Report back to the bureau promptly, furnishing accurate information to avoid worrisome call backs.

3. Gain as much time as possible for all investigations.
4. Avoid taking application in wife's name, always in husband's name.

5. Let's all put our houses in order. Get revised credit reports on all slow accounts, refusing to resell until your fellow credit granter's past-due accounts have been paid. This will mean additional income for your bureau which can help them stay in business and absorb some of the reduction they have suffered due to many retailers being forced out of business.

Credit bureau managers may cooperate better in these ways:

1. Be the coordinator in your community for closer cooperation between merchant, credit man and bureaus.
2. Keep your bureau on a par with the times, rendering the fastest, most accurate credit report possible for the times, eliminating all frills and giving only the facts necessary to grant credit intelligently, thereby cutting down many working hours.
3. Every bureau manager should use all the ingenuity at his command to stay in business; insuring credit granters the source of credit information in their files by looking for additional fields for income, such as personnel and defense reports and hundreds of other things just waiting to be exploited.
4. Bureau managers should lend every cooperation to credit granters to see if reports received from the bureau are satisfactory, thereby doing their part to help curb direct inquiries.

These are only a very few of the many ways each of us can cooperate today. They are not new: everything mentioned is as old as credit bureau operation and credit granting. It is just a case of each of us taking personal inventory and reminding ourselves it is our duty to find out what each of us needs today and let nothing stand in our way to reach that ultimate goal of perfect understanding and cooperation.

### Conclusion

Today is the day for all of us to cooperate. Start now, don't wait until tomorrow, it may be too late. Each of us must have an ultimate goal to reach and should allow nothing to stand in our way to reach that goal. Our country has a goal—ultimate victory to insure a safe place for you and me to carry on the pursuit of freedom of religion, freedom of speech, freedom of press, and the right to carry on free enterprise. We on the home front must do our part by closely cooperating to insure a unified business nation. Each of us will agree that our nation has a date with destiny and our profession also has a bright future and plays a vital part. Should we ask ourselves this question: "Is it all worth while?" Let us remember that our country is not so very old, nor our profession. *So let's all cooperate, today, to establish that firm foundation on which our profession will operate tomorrow.*

*Reading this magazine carefully  
and regularly will contribute to  
your success as a Credit Executive*

# UNAUTHORIZED CHARGE NOTICE



Your patronage and goodwill are sincerely appreciated. In fact, we hope that everything we do will contribute to the continuance of this happy relationship.

The new Government Regulations, however, have placed a number of new duties upon us. One of them, for example, requires us to ask for immediate payment of the purchase listed below, or the return of the merchandise.

It is, therefore, with sincere regard for you as a valued patron that we ask you to pay this small sum. If you can also include in your check the amount in default, we shall be very grateful.

This will restore your charge account to its customary excellent standing and you will be able to use it at once.

Amount of purchase \$..... Date purchased .....

Amount in default \$.....

Remit to .....

Address .....



**T**HE LATEST in our Regulation W series. For use in connection with unauthorized charge sales of \$5.00 or less. Enables credit granters to conform with government requirements and still retain customer good will.

No need to type a letter. Simply fill in the form—use pen and ink, if you wish—and mail in a window envelope. A real timesaver for both the large and small store . . . especially valuable these days when personnel problems are so acute.

Designed to collect both the amount of the unauthorized purchase and the amount in default. For best results, should be used in duplicate and copy retained for inspection purposes.

Your firm name imprinted without charge in bold face type on all individual orders for 2,000 or more. Actual size 6¼" by 7".

**Price — \$2.75 a Thousand, Postage Prepaid**

**NATIONAL RETAIL CREDIT ASSOCIATION**  
SHELL BUILDING . . . . . ST. LOUIS, MO.

CREDIT WORLD 28 JANUARY

# Salary Garnishment of Federal Employees

*H. M. Jonas, LL.D.*

Columbia Finance Co., San Francisco

**T**HE REGULATIONS issued by the United States Government, providing: "While salary or wages of an employee cannot be garnished, the collection of private debts from employees is not a function of the Government," seem to indicate that there is no remedy in law to protect the creditor of a just claim.

At a recent convention of the Retailers Credit Association in San Francisco, which was held in the form of a "Consumer Credit Clinic," I was privileged to show that there are a number of exceptions to the principle outlined in the beginning. In times when the Federal Government is organizing a great number of agencies with partly commercial and sovereign character, it seems necessary to find out if the strict rule always applies.

It may be stated that Congress has provided for many corporations discharging Governmental functions to sue and to be sued. The criterion for such corporations is that they must be organized and operated for a commercial purpose. In that case, they are ordinarily subject to suit, the same as any private corporation organized for the same purpose.

The Supreme Court of the United States has ruled that those corporations can be subjected to the same civil process as is available in the appropriate State or Federal proceeding. However, in order to find out if such civil process is permitted, the Act or Executive Order creating such Governmental corporation must contain the specific provision that it can "sue and be sued." That being the case, garnishment and attachment are a necessary consequence and "part and parcel of the process."

Express prohibition against attachment and garnishment was provided in only two instances. They are the Federal Crop Insurance Corporation and the Farmer's Home Corporation.

Following is a list of Federal corporations and national organizations, alphabetically arranged, that can be subjected to garnishment:

- Bonneville Power Administration
- Defense Plant Corporation
- Disaster Loan Corporation
- Federal Credit Union
- Federal Deposit Insurance Corporation
- Federal Farm Mortgage Corporations
- Federal Home Loan Bank
- Federal Housing Administration
- Federal Intermediate Credit Banks
- Federal Savings & Loan Insurance Corp.
- Home Owners Loan Corporation
- Inland Waterways Corporation
- National Agricultural Credit Corp.
- National Mortgage Associations
- Production Credit Associations
- Production Credit Corporations
- Reconstruction Finance Corporation
- Tennessee Valley Authority
- United States Housing Authority
- War Damage Corporation



"I certainly appreciate receiving THE CREDIT WORLD each month and I read it with as much interest as when I was Credit Manager at J. Bacon and Sons, Louisville. I am now learning to be an airplane radio operator and it's just like collections—if you don't keep on your toes all the time, you lose ground that you can't make up."—Private Harry C. Bowers, Technical School Squadron, Scott Field, Ill.

✉

"I want to compliment you on the November issue of The CREDIT WORLD. I think the cover is quite striking and that the articles contained therein are up-to-the-minute and should cause every credit executive of America to look forward to reading all of them."—J. E. R. Chilton, Jr., Manager, Merchants Retail Credit Association, Dallas, Texas.

✉

"Your editorial *Your Credit Bureau and the War* in the October CREDIT WORLD is really timely. During the past 36 years we have built up a system of interchange of credit reports based on efficient credit bureaus in every part of the United States and Canada. Discontinuing this business by a single bureau means a break in the credit fabric which is difficult to repair and inevitably results in a loss to business in general."—Max Meyer, General Manager, Nebraska Credit Company, Lincoln, Neb.

✉

"Was very sorry to learn that my old friend Dave Woodlock has passed on. I had not heard from Dave for several months and in his last letter he said he was not well and all he could do was to take his dog walking."—James R. Hewitt, Telex Hearing Aid Service, Baltimore, Md.

✉

"Your editorial *Your Credit Bureau and the War* in the October CREDIT WORLD calls for sincere thanks from every bureau manager in the country. Not all of them will write you about it but I want to be one that does. We do need the cooperation of our local merchants more than ever, and I think most of us are getting it."—C. W. Remele, Secretary-Manager, The Credit Bureau, Santa Barbara, Calif.

✉

"Credit managers regard it as the highest compliment to their profession when one of their articles is accepted by the editorial staff of The CREDIT WORLD."—H. S. Hahn, General Credit Manager, The Ohio Fuel Oil Co., Columbus, Ohio.

✉

"I am sorry to hear of David Woodlock's death. It just means another of the old crowd has passed on—Sid Blandford, George Lawo, and others. All these fellows were really important when the Association started. They gave their time and effort along with others, including yourself, to building our National Association. I always enjoyed Dave as a real friend."—L. T. McMahon, Wm. Filene's Sons Co., Boston, Mass.

It is hoped that in the future Congress may waive governmental immunity, not only where governmental corporations are concerned, but for all employees in Federal service. There is a precedent in Section 412 of Federal Income Tax Law: "The salaries of all employees or officials of the United States Government are taxed the same as in the case of any other individual."

If this principle, established for the payment of their obligations toward the United States of America, would be applied for their private contracts too, it would mean a step forward on the road to "Liberty and justice for all."

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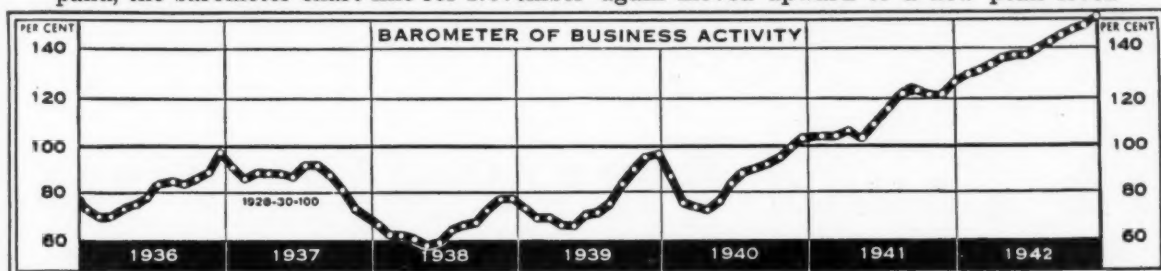
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# CURRENT BUSINESS CONDITIONS

## The Barometer

With steel output still holding at a close to record rate and war production continuing to expand, the barometer chart line for November again moved upward to a new peak level.



This barometer appears in the January issue of "Nation's Business," published by the United States Chamber of Commerce.

## The Map

The volume of trade and industry continues to expand at about the same rate as it has been rising during most of the last two years. The general average of all industries is now about 14 per cent higher than it was a year ago and no signs of slackening have yet appeared.

In the East, the improvement over last year has been less than the general average for the country. Business in that section was already at a very high level and further marked expansion could not be expected.

Business activity in the agricultural region of the Middle West has been catching up with earlier advances made in the industrial regions. Much of the increased trade has been due to good crops and higher prices for farm products. A considerable part of it has been due to the new plants in that part of the country which have increased improvements, and the government spending has added much to consumer purchasing power in many communities. The Southern half of the section has gained somewhat more than the Central and Northern

parts. The large demand for cotton and the rapidly mounting military pay rolls have kept business high throughout the South and Southeast.

Gains have been especially significant in the shipbuilding cities along the gulf and the Atlantic Coast. Spending in connection with the training of the military forces will be considerably larger throughout all the South during the winter months.

The demand for minerals and metals has kept activity in the Mountain states at levels close to the national average, and further advances are expected. Along the Pacific Coast, business has increased more than in any other part of the country.

In Canada the high rate of industrial activity is being maintained, and in several places it has increased even more during the last year than it has in the United States. The major industries, especially steel and machinery, are operating at capacity and new plants are constantly being put into operation.



# COMMENTS

By the Editor

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## A Sound Investment

A RECENT NATIONAL SURVEY by this Association disclosed that slow-paying accounts are still a source of worry to credit executives; that while Regulation W has increased collections appreciably, it has had very little, if any, effect on chronic slow-paying customers.

The New Year will, without doubt, add to the collection difficulties of credit granters. Two of the main contributing causes will be increased living costs and drastically higher tax payments on 1942 income. Standards of living will of necessity be lowered and many persons will be forced to change their buying habits. Still others will find it difficult to pay their charge accounts during the month following purchase, or even by the 10th of the second month, as required by Regulation W. Men entering the military service of our country will also add to the credit and collection problems of retailers and financial institutions.

It is now more important than ever before that applicants for credit, whenever possible, be interviewed personally and that complete applications be taken. In addition, credit reports should be obtained on all applicants for credit. Slow accounts should be checked through the credit bureau at regular intervals to ascertain the total indebtedness of debtors and their paying habits.

Such a policy will build credit sales, result in fewer slow accounts, and reduce bad debt losses. Remember, a credit report is a sound investment and not an expense.

**A Good Resolution For the New Year ...**

**Buy War Bonds ... Buy Credit Reports**

*L. Shouder*

General Manager-Treasurer



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